FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

BILL TOTALS

Appropriations for most military functions of the Department of Defense are provided for in the accompanying bill for the fiscal year 1995. This bill does not provide appropriations for military construction, military family housing, civil defense, or nuclear warheads, for which requirements are considered in connection with other appropriations bills.

The President's fiscal year 1995 budget request for activities funded in the Department of Defense Appropriations Bill totals $244,449,979,000 in new budget (obligational) authority. The amounts recommended by the Committee in the accompanying bill total $243,603,092,000 in new budget authority. This is $846,887,000 below the budget estimate and $3,523,447,000 above the sums made available for the same purposes for fiscal year 1994.

The new budget authority enacted for the fiscal year 1994, the President's budget estimates, and amounts recommended by the Committee for the fiscal year 1995 appear in summary form in the following table:

(Table deleted)

HAC, p. 1-2

PERSPECTIVES ON DEFENSE
DEFENSE BUDGET POLICY IN THE POST-COLD-WAR ERA

Over the years, the Committee and the Congress steadfastly supported a strong U.S. military defense posture based on quality personnel and superior technology. That strong defense posture has been a very important factor in bringing about the dramatic geopolitical events of the past five years including:

-The tearing down of the Berlin Wall;
-The demise of the Warsaw Pact;
-The dissolution of the former Soviet Union; and
-The emergence of democratic forces in many former totalitarian countries.

In light of these geopolitical events, the Committee supports the downsizing of the U.S. force structure and the ensuing reductions in defense spending on the order of those proposed by the President. The Committee notes that the scope of these reductions combined with planned reductions in the years ahead will result in a very lean force. It is imperative that this force remain the best equipped and best trained force in the world. This presents a significant challenge in the years ahead under the tight budget constraints for overall discretionary spending embodied in the statutory discretionary spending caps (see p. 17).

DEFENSE SPENDING TRENDS

The President's fiscal year 1995 budget proposes and the bill implements the tenth consecutive year of reductions in budget authority for defense when measured in constant dollars.[1]

[1]Statistic does not include the one time spike in spending for Operations "Desert Shield" and "Desert Storm". These costs were reimbursed by donations from foreign nations.

Defense spending levels are reaching historic lows. The 1995 spending level for defense as a percentage of the gross domestic product is projected to be the lowest it has been since before World War II with the exception of fiscal year 1948 (table deleted).

HAC, p. 4

An additional burden faced in the defense budget is the billions of dollars of expenditures for programs which though necessary, do not directly contribute to national security. These expenditures are outlined in the following table which, in addition to this bill, includes expenditures in the Military Construction appropriations bill and the defense related portion of the Energy and Public Works appropriations bill.

Program	Dollars
DoD Environmental Expenditures	$4,800,000,000
DoD Economic Conversion	3,500,000,000
DoE Environmental Expenditures Related to Nuclear Programs	5,125,000,000
Military Construction Environmental Expenditures and Base Closure	2,875,000,000
Total	16,300,000,000

HAC, p. 6

FORCE STRUCTURE

The Committee is greatly concerned about the adequacy of the end strengths and force structure contemplated for the late 1990's given the range of current and potential global commitments. The major force structures now planned under the Bottom-up Review call for reductions of one-third (Navy ships) to almost one-half (Air Force wings) from the 1990 levels.

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

U.S. FORCE STRUCTURE

	Cold War Base 1990	1993	1994	1995	Bottom up review plan
Land Forces:					
Army active divisions	18	14	12	12	10
Army Reserve component divisions	10	10	8	8	5
Marine Corps (3 active/1 reserve)	4	4	4	4	4
Navy:					
Ship battle forces	546	435	387	373	[1]346
Aircraft carriers:					
Active	15	13	12	11	11
Reserve	1			1	1
Navy carrier wings:					
Active	13	11	11	10	10
Reserve	2	2	2	1	1
Air Force:					
Active fighter wings	24	16.1	13.4	13.0	13
Reserve fighter wings	12	11.3	8.7	7.5	7

Source: Department of Defense, February, 1994.

[1]Subsequent DoD budget plans reduce the total number to 331 ships by 1999.

Many question whether this new force structure can meet the stated BUR objective of being able to fight and win two major regional conflicts almost simultaneously. Previous experience in Kuwait shows that under the BUR planning scenario, fighting and quickly winning one major regional conflict would absorb much of the U.S. active inventory. Little trained manpower, materiel, or mobility assets would remain to replace losses, deter other potential aggressors, or maintain a rotation base. Whether the U.S. could successfully counter a second major regional conflict almost simultaneously would depend on many factors including when, where, its size and nature, the extent of losses and duration of the first conflict, and support from other friendly countries.

The Bottom-up Review accepts a higher degree of risk and uncertainty than we have had in the past which must be mitigated to the extent possible by maintaining and enhancing the quality of U.S. forces. America must continue to field well-trained, well-led forces which possess superior equipment.

The Committee notes in this respect the following testimony it received on February 24, 1994 from the Chairman of the Joint Chiefs of Staff:

> The forces and capabilities we are recommending and that Secretary Perry outlines are lean; in fact I would say very, very lean, but sufficient. Could we cut deeper? My answer is no. If we do, we will put our country in a straight jacket, one that will eliminate the flexibility and strategic agility that our Nation requires.

The Committee expects the Department to continually review its force structure (including the roles and missions of various Service components) in view of changing world conditions and changing threats. The Department should not hesitate to recommend promptly any changes to its requirements if and when warranted. The U.S. must ensure that it does not end up with a policy-strategy-force mismatch in which commitments are made that cannot be kept.

HAC, p. 7-8

MODERNIZATION TRENDS

The scope of the reductions in defense is especially noticeable in the procurement account as shown by the following table:

BUDGET AUTHORITY FOR PROCUREMENT IN CONSTANT FISCAL YEAR 1995 DOLLARS

Fiscal year:	In billions
1985	$132.7
1986	122.8
1987	102.8
1988	98.8
1989	94.5
1990	93.7
1991	80.2
1992	68.5
1993	55.9
1994	45.8
1995	43.3
Reduction from fiscal year 1985 level	89.4

While the current low levels of procurement are generally acceptable given current inventory and the significant drawdown in force structure, the Committee believes it is vital that the relatively small U.S. force structure of the future retain its technological edge.

Budget realities make it more important than ever that the new capabilities to be acquired address the threats of the future and not the past. It is especially important to make the modernization investments necessary for "force multipliers" such as precision-guided munitions, sophisticated communications systems, and improved intelligence collecting capabilities.

The Future Years Defense Plan depends heavily on the successful deployment of such force enhancements as:

-Advanced munitions like the CBU-97B Sensor-Fused Weapon to give aircraft the capability to disable or destroy multiple vehicles in a single pass;

-The Joint Direct Attack Munition to allow aircraft to accurately deliver ordnance without laser designation;
-New sensors for electronic surveillance of the battlefield to provide adverse weather surveillance at increased depths and with wide-area, continuous coverage;
-The MIA2 tank which can increase the lethality of a tank company by 20 percent compared to those equipped with MIA1 tanks;
-Planned improvements to sealift and airlift capabilities with faster, bigger ships, and new, highly capable aircraft;
-Enhanced equipment prepositioning to strengthen U.S. defensive capabilities in the critical opening phase of a conflict;
-Enhanced readiness brigades in Army reserve components to provide critical depth to Army combat power;
-Theater ballistic missile defense systems to better protect U.S. forces on land and at sea;
-Stealth technology.

These and other technology enhancements combined with new concepts of operation and organization to take advantage of this technology have the potential of giving American forces new, far-reaching and effective warfighting capabilities with relatively small numbers of personnel and equipment. Successful technology development, deployment and exploitation is key to doing "more with less" in the years ahead.

HAC p. 8-9

THREATS HAVE NOT EVAPORATED

In historical perspective and in the perspective of America's total wealth, the funds provided in this budget for defense are comparatively modest.

There are those who would argue that because of the demise of the Soviet Union, reductions in defense spending should be even deeper than the significant reductions outlined in the President's plan. Unfortunately, the end of the Cold War has not brought about a tranquil era in the world. Interestingly, the major engagements and deployments of U.S. forces in the past decade or so have had little to do with fighting communism:
-The attack on Libya;
-The invasion of Panama;
-The Persian Gulf War;
-The deployment to Somalia; and
-Sanctions enforcement against the Republic of Yugoslavia.

Each passing day brings home the point that the post-Cold War era may well be a volatile and dangerous time. Ethnic, cultural, and religious enmities exist and are increasing in the Balkans, Africa, and Middle East. At least 20 countries-many of them hostile to the U.S.-have now or are seeking to develop nuclear, biological and/or chemical weapons and the means to deliver them. More than 12 countries have operational ballistic missiles, and others have programs to develop them. There is no question that America, as the world's only superpower, must maintain an adequate and robust national defense posture in this era of change and turbulence.

The need to be prepared was expressed succinctly by the Chairman of the Joint Chiefs of Staff before the Committee on February 24, 1994:

Since our Nation was founded, we have never experienced a 20-year period of uninterrupted peace. Put another way, no soldier in this country's history has ever completed a military career when the Nation did not engage in armed conflict at least once. This is the reality that underscores our need to remain ready.

HAC, p. 10

READINESS

NO HOLLOW FORCE

Our country has in the past allowed the combat readiness of our armed forces to lapse into a hollow force after every major war. America frequently paid a high price in lifeblood and treasure when the next conflict erupted. The Committee heard the following testimony on this point from the Chairman of the Joint Chiefs of Staff:

All of you know what we went through after World War II, after Korea, and again after Vietnam. It was a cycle of declines followed by disaster that we cannot and we must not repeat.

The Committee is concerned about early signs of new readiness problems after the end of the Cold War. For instance, the Joint Chiefs of Staff have reported recently that:

-the transfer of operation and maintenance readiness funds to support unbudgeted operations in Somalia, the Persian Gulf, the former Republic of Yugoslavia, and other contingencies has reduced the overall operational readiness of U.S. forces;
-military recruiters are citing a growing negative trend in their ability to recruit the desired number and mix of qualified personnel;
-the tempo of operations (OPTEMPO) which has increased over the past three years and is projected to remain high in the future, has and will continue to divert time as well as funds from necessary training and maintenance activities;
-the increased OPTEMPO has caused Navy and Marine deployment times for many units to exceed optimal goals, raising concerns over morale and leaving less time for training in warfighting skills;
-the combination of increased equipment operating hours and deferred maintenance due to lack of funds is creating an equipment maintenance backlog that reduces readiness;
-shortages are beginning to appear for critical spare parts;
-facility maintenance backlogs are growing at high rates, which reduce readiness.

The Committee commends the administration for recognizing these early signs and for taking action to break this "boom and bust" readiness cycle by proposing a defense budget that places top priority on improving readiness.

The Secretary of Defense stated this objective in testimony to the Committee earlier this year:

The Defense guidance for the first time in history this year called out on the first page of the guidance that readiness is the top priority of the Defense Department and went on to say, any other requirement we put forward in this document may be traded off in favor of readiness.

That guidance reflects itself in services submissions to us which show increases in funding for readiness this year over previous years.

The Chairman of the Joint Chiefs of Staff also stressed this change of priority when he testified as follows:

> Our O&M budget authority will rise in fiscal year 1995 and it fully funds the steaming days, the training hours, and the flight hours at the levels that military commanders believe are essential. As well, the increase in depot maintenance funding of nearly 20 percent will go a long way to ensuring that our equipment is ready to fight.
>
> The point is that we are breaking the bad habits that undermined readiness in the past.

The Committee heartily endorses this administration initiative. Keeping U.S. military forces ready to fight has been a top defense priority of the Committee on Appropriations for many years.

Although this is a good start, reversing the latest readiness trends will require higher funding levels over several years. The Committee is concerned that this commitment will become more and more difficult to keep in the years ahead as the cap on discretionary spending continues to cut real spending power over the next four years (See p. 17). This may require deferral or outright cancellation of important modernization acquisitions that are in the current FY 1995-1999 Future Years Defense Plan (FYDP).

The Committee expects the administration to "stay the course" in the years ahead by continuing to emphasize readiness as a budget priority.

HAC, p. 10-12

IMPROVED READINESS RATINGS

The Committee supports DoD efforts to develop better methods to measure the combat readiness of U.S. forces. Current readiness measures are rough guides at best in predicting how well U.S. forces are prepared to fulfill potential missions.

Current readiness measures focus only on front line assets while omitting training bases and other essential overhead that amounts to 40 to 50% of the active force. These measures also focus on the status of individual units, but rarely rate the adequacy of overall force structures. They also depend on certain non-standard qualitative assessments by commanding officers who possess different degrees of experience, apply different criteria and make subjective judgements. Peacetime and wartime standards are also dissimilar in many instances.

The Committee believes it would be beneficial if better readiness measures could be developed against which resources could be applied and upon which budget decisions could be based. The Department and the Joint Chiefs of Staff should give high priority to ongoing efforts such as those of the Senior Readiness Oversight Council which is undertaking this task.

The Committee expects the Department to work towards formalizing a budget process for the Operation and Maintenance account that is based on comprehensive and quantitative readiness measures that can be expected to reasonably predict the readiness of U.S. forces under different resource

assumptions. The Committee recommends that the FY 1997 Operation and Maintenance budget justification documents contain a new readiness exhibit which displays:

-historical readiness trends on a yearly basis measured by new analytical ratings;

-the priority ranking of each performance measure for achieving the desired level of force readiness;

-the proposed performance level against each quantitative measure for the coming budget year and the specific resources proposed to be appropriated to achieve each objective;

-a detailed assessment of actual readiness performance in the previous year as measured against the performance objectives assumed in the applicable Appropriations Act including specific reasons for not reaching any of the objectives.

The Committee realizes that other DoD appropriation accounts have significant impacts on force readiness. The Committee will review extending the concept of readiness budgeting for non-Operation and Maintenance accounts as new performance measures are developed and perfected.

KOREAN READINESS ENHANCEMENT ACCOUNT

Despite the recent flurry of diplomatic activities, the Committee is concerned about the increased tension on the Korean peninsula subsequent to the submission of the FY 1995 budget. The intransigence of the North Koreans regarding inspection of their nuclear facilities has ominous implications for stability in Asia.

While the Committee supports the ongoing diplomatic efforts to resolve this matter, we must ensure that U.S. forces have the resources to meet any contingency that might rise. The commanders of the ROK/US Combined Forces have long recognized the threats they face and have made extensive preparations to deter, and if necessary, to defeat a North Korean attack.

To buttress these preparations, the bill appropriates an additional $250,000,000 for a new Korean Readiness Enhancement Account in Title VI. A portion of these funds is for improving the logistics support system and enhancing tactical intelligence and communications capabilities. Funds are also appropriated towards the fiscal year 1995 expenses of the Administration's recent initiative to deploy Patriot missiles and Apache helicopters to the Korean peninsula.

Many other Committee initiatives in numerous accounts will also enhance the readiness of U.S. forces in South Korea. This includes additional funds to maintain the B-52 bomber force at existing levels.

The Committee is committed and will strongly support all necessary requirements to maintain and enhance the combat strength and readiness of U.S. forces in Korea. The Committee believes an increased level of commitment must also be shown by the Republic of Korea. The Committee has received testimony indicating that South Korea recently has made important strides in focusing its resources on key military capabilities. However, certain ROK military deficiencies still exist. The Committee believes it is prudent for South Korea to increase its financial commitment to modernize its ground forces and improve readiness in a manner that maximizes the capabilities of the ROK-US combined defense structure.

Additional details on the Korean Readiness Enhancement Account appear later in the report.

RESERVE COMPONENTS

An increasingly important segment of the overall readiness of our Armed Forces is the Reserve components. For example, a comparison of the active force level vis-a-vis the Reserve components during the 1987-1997 time frame, shows that while the active force will have declined from 2.2 million to 1.5 million, the Selected Reserves will decrease from 1.2 million to 934,000. In other words, while the active force declines by 32%, the Reserve components declines by 19%. See following table:

ACTIVE VS RESERVE FORCE LEVELS

	Actual fiscal year 1987	Projected fiscal year 1997	Difference	Difference (percentage)
Active	2,174,000	1,469,000	-705,000	-32
Selected Reserve[1]	1,151,000	934,000	-217,000	-19

[1]Selected Reserves do not include Individual Ready Reserve and Inactive National Guard.

In recent years, the Department of Defense has placed a greater portion of the combat support and combat service support force structure in the Reserve components. The success of this concept was proven during Operation Desert Shield/Storm. Based on this success, the Department plans to place an even greater reliance on the Reserve components in the future, including enhanced readiness for 15 combat maneuver brigades with deployment times reduced to 90 days.

The Committee has taken initiatives to enhance the readiness and effectiveness of the Guard and Reserves including a pay raise and a substantial increase in the procurement account for high priority equipment.

HAC, p. 12-14

PREVIOUS COMMITTEE INITIATIVES

The Committee is proud of its record of oversight of Defense activities. Over the years, the Committee has made many important adjustments to Defense budgets which have contributed greatly to the ability of our forces to successfully prosecute their mission.

For instance, the Committee was responsible for changing DoD acquisition plans to add such important capabilities as:
-Patriot missile batteries;
-Fast "roll-on/roll-off" sealift ships;

-M1 tank upgrades;
-Bradley Fighting Vehicle upgrades; and
-Heavy trucks;
which were all credited as major contributors towards victory in Operation Desert Storm.

The Committee's insistence on higher readiness expenditures over the years has resulted in a better trained and better prepared force with higher morale.

The Committee has accelerated development of the JSTARS surveillance aircraft, and in previous years has prevented the premature cancellation of such important programs as the AH-64 Apache attack helicopter, the OH-58D Kiowa Warrior armed scout helicopter, the F-16 fighter, and MLRS rockets until more satisfactory inventory postures were achieved.

The Committee has initiated important programs such as Ship Self Defense to guard against cruise missile attacks, the V-22 Osprey tiltrotor aircraft, the M1-A2 tank upgrade, the Bradley Fighting Vehicle upgrades, military pay raises, ammunition stockpile modernization, various health care improvements, environmental clean-up research, and simulation training technologies.

Technological initiatives of the Committee such as Sematech, high definition flat panel displays, and efforts to increase the number of U.S. science and engineering students have moved forward the state-of-the-art in several critical technology areas and have protected and expanded American jobs and the American technological base.

HAC, p. 14-15

MAJOR FY 1995 COMMITTEE INITIATIVES

For FY 1995, the Committee recommends several significant initiatives:

Korean Enhanced Readiness: In light of recent events, the bill provides $250 million for a new account to enhance the readiness of U.S. forces in Korea. Funds are expected to upgrade logistics systems, improve communications and intelligence gathering capabilities, and modernize base support equipment. In addition, funds are included elsewhere in the bill to maintain the B-52 bomber force at existing levels. This is an increase of 10 primary authorized aircraft over the budget request.

Depot Maintenance: The bill includes a $607 million increase over the budget request for depot maintenance to reduce the $2 billion depot maintenance backlog. This is expected to significantly enhance the readiness of field units.

Real Property Maintenance: The bill includes a $517 million increase over the budget request for real property maintenance. The Committee continues to be concerned about the growth of the real property maintenance backlog and its effect on morale. The projected backlog for fiscal year 1995 amounts to over $12 billion. Since fiscal year 1993, the backlog has grown 33%. Of particular concern to the Committee is the condition of barracks and dormitories at many of the installations. In the reserve components, many of the armories and Reserve centers are also in need of repair.

Ammunition Industrial Base: The Committee recommends an increase above the budget of $400 million to support and sustain the fragile ammunition industrial base. The recommended action procures additional training and war reserve ammunition, accelerates disposal of unusable munitions, and increases the level of production facility consolidation and layaway.

Small Arms Industrial Base: The Committee recommends increases in production levels for six Army small arms weapon procurement programs. These increases sustain industrial production and engineering capability while filling existing requirements for these weapons.

Increased Training Support: The bill includes a $310 million increase over the budget to increase training for battalion-sized units and to support exercises that foster intra/interservice teamwork.

Increased War Reserve Spare Parts: The bill includes $90 million above the budget for important war reserve stocks.

Military Pay Raise: The bill includes a $465 million increase above the budget to finance an additional 1 percent increase in pay for active, Guard and Reserve forces. This would bring the total increase to 2.6 percent.

Civilian Pay Raise: The bill includes a $530 million increase above the budget to finance an additional 0.4 percent increase in pay for civilian employees. This would bring the total increase to 2 percent. These funds would also finance one-half of the scheduled increase for civilian locality pay adjustments. The budget proposed no increases for locality pay.

Intelligence: The bill reduces funds for the National Foreign Intelligence Program by over $400 million below the budget request.

Early Warning Satellite Systems: The bill includes a $180 million increase above the budget to accelerate the new ALARM missile early warning satellite system. This will permit early fielding of an improved capability to detect the firing of mobile theater ballistic missiles.

DoD Space Programs: The bill strengthens DoD space programs by adding $140 million above the budget for upgrading launch vehicles. The bill also centralizes DoD-wide space procurement and research and development funding, and terminates the Titan IV program after completion of the current contract.

Theater Ballistic Missile Defense: The bill includes a $102 million increase above the budget to accelerate the Sea-Based Wide Area Defense (Navy Upper Tier) program which will provide ballistic missile protection from AEGIS ships. The bill also fully funds the next-generation ERINT and Patriot programs for ground-based ballistic missile protection.

Strategic Mobility: In keeping with the Committee's longstanding commitment to improve critical mobility forces, the bill provides $250 million above the budget to continue the expansion of U.S. organic sealift capability. The bill improves strategic and theater airlift capabilities by providing funds to acquire six C-17 aircraft and a total of ten C-130 aircraft for Reserve components. The bill also provides the full budget request to support continued prepositioning of heavy equipment, ammunition, and sustaining supplies both ashore in host-nation facilities and afloat in specially configured ships.

TSSAM Missile: The bill provides no additional funds for the Tri-service Standoff Attack Missile (TSSAM) program. This program has experienced large cost overruns and years of schedule delay.

Conventional Air-Launched Cruise Missiles: The bill provides $37 million to convert strategic air-launched cruise missiles that are currently in the inventory to stand-off conventional missiles. This will provide the B-52 bomber fleet with a low-cost precision guided weapon years earlier than currently planned. There was no budget request for this item.

HAC, p. 15-17

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

TRACK RECORD ON DISCRETIONARY SPENDING

The Committee on Appropriations has done its job in controlling overall discretionary spending. The following table displays spending in constant dollars from 1968 through 1998. The projections for the outyears are based on the agreements embodied in law and in the fiscal year 1995 budget resolution.

As the table indicates, the total growth in discretionary spending over this thirty year period is 0%. This is truly remarkable given the changes in the country and the world over this time period. The projected annual expenditure level for discretionary spending for fiscal year 1998 is over $100 billion below the fiscal year 1989 level-the year the Berlin Wall came down.

There is no question that recent deficit reduction efforts which have required the discretionary spending category to bear a very large share of spending cuts have forced and will continue to force deep and perhaps unwise reductions in national security programs as well as other vital domestic and international discretionary programs.

OUTLAYS FOR MAJOR SPENDING CATEGORIES FISCAL YEARS 1968-1998

[In billions of constant 1994 dollars]

	Discretionary spending	Entitlements and other mandatory spending	Deposit insurance	Net interest	Offsetting receipts	Total outlays
1968	486.1	223.3	-2.1	44.2	-42.3	709.2
1969	464.8	234.3	-2.3	48.4	-42.1	702.8
1970	454.7	250.7	-1.8	52.5	-41.9	714.2
1971	443.4	288.4	-1.3	51.8	-49.1	733.1
1972	448.1	325.9	-2.0	52.1	-47.5	776.6
1973	437.0	363.3	-2.6	56.2	-58.3	795.5
1974	425.3	379.4	-1.8	64.0	-63.1	803.7
1975	441.1	446.4	1.4	63.1	-49.7	902.2
1976	446.5	482.5	-1.5	68.0	-49.9	945.6
1977	466.3	488.8	-6.6	70.7	-50.9	968.2
1978	486.1	507.6	-2.2	78.8	-50.7	1,019.6
1979	489.8	506.5	-3.6	87.0	-52.2	1,027.5
1980	507.7	535.4	-0.7	96.5	-53.5	1,085.2
1981	514.3	568.5	-2.3	114.8	-63.2	1,131.9
1982	508.7	581.3	-3.3	132.6	-56.2	1,163.1
1983	527.8	614.7	-1.7	134.1	-67.7	1,207.2
1984	543.9	582.0	-1.2	159.2	-63.4	1,220.4

1985	575.1	621.8	-3.0	178.9	-65.1	1,307.7
1986	591.9	619.8	2.0	183.4	-61.9	1,335.2
1987	583.1	616.2	4.1	181.7	-69.4	1,315.6
1988	585.4	622.1	12.6	191.1	-71.7	1,339.4
1989	588.4	632.3	26.4	203.4	-76.8	1,373.8
1990	574.3	649.5	66.5	210.9	-67.3	1,433.9
1991	582.7	691.0	72.3	212.0	-115.5	1,442.5
1992	566.9	752.7	2.8	210.9	-72.8	1,460.5
1993	556.8	782.3	-28.7	204.1	-68.9	1,445.6
1994[1]	544.3	801.9	-3.5	201.2	-68.1	1,475.7
1995[1]	530.0	832.0	-11.8	207.5	-82.4	1,475.3
1996[1]	513.9	846.7	-13.2	216.7	-67.5	1,496.5
1997[1]	498.7	881.9	-5.5	220.3	-68.7	1,526.8
1998[1]	485.1	913.1	-4.3	223.3	-70.7	1,546.5
Percentage change 1968-1998	0	+309		+405		+118

[1]Projection (April 1994).

Source: Congressional Budget Office.

HAC, p. 17-18

HIGHLIGHTS OF COMMITTEE RECOMMENDATIONS

ACTIVE MILITARY PERSONNEL

The Committee recommends a total of $61,558,057,000 for military personnel, an increase of $378,754,000 above the budget request. The Committee agrees with the authorized end strength as requested in the President's budget. The Committee added $406,000,000 above the budget request, for a 2.6 percent pay increase for fiscal year 1995 for active military personnel.

GUARD AND RESERVE

The Committee recommends a total of $9,335,445,000, an increase of $39,351,000 above the budget request for Guard and Reserve personnel. The Committee agrees with the authorized end strength as requested in the President's budget, but added additional end strength in the Air Force Reserve for restoration of programs that were deleted. The Committee added $59,000,000 for a 2.6 percent pay increase for fiscal year 1995 for Guard and Reserve personnel.

OPERATION AND MAINTENANCE

The Operation and Maintenance appropriation provides the resources necessary to maintain high readiness of our Armed Forces and to provide a quality of life of our military personnel, their families and civilian employees.

The Committee recommends over $2 billion in increases above the budget for key readiness activities. Substantial reductions were made in lower priority programs such as consultants, auditors, environmental programs and automatic data processing. Substantial savings were also realized because of faster than projected attrition of civilian personnel.

PROCUREMENT

The Committee recommends $43,651,019,000 in new obligational authority for procurement. Major programs funded in the bill include the following:

$388,559,000 for 60 UH-60 Blackhawk helicopters.
$225,000,000 for 36 AHIP helicopter modifications.
$214,086,000 for 872 Javelin missiles.
$115,858,000 for 148 ATACMS missiles.
$145,438,000 for the Bradley base sustainment.
$237,603,000 for the 155MM Howitzer Improvement Program.
$190,129,000 for the MIA2 Tank Upgrade Program.
$1,274,644,000 for Army ammunition.
$145,744,000 for 4 AV-8B aircraft.
$1,018,760,000 for 24 F/A-18 aircraft.
$216,721,000 for 18 AH-1W helicopters.
$214,000,000 for 7 SH-60B helicopters.
$297,828,000 for 4 E-2C aircraft.
$245,400,000 for 12 T-45 trainer aircraft.
$1,161,434,000 for aircraft modifications.
$696,018,000 for 18 Trident II missiles.
$301,993,000 for 217 Tomahawk missiles.
$249,072,000 for 202 Standard missiles.
$2,446,958,000 for the carrier replacement program.
$2,607,690,000 for 3 DDG-51 destroyers.
$2,197,214,000 for 6 C-17 aircraft.
$253,428,000 for trainer aircraft systems.
$445,339,000 for 2 E-8 JSTARS aircraft.
$299,462,000 for 413 AMRAAM missiles.

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

RESEARCH, DEVELOPMENT, TEST & EVALUATION

The Committee recommends $34,467,940,000 for the RDT&E title, a reduction of $1,757,073,000 from the budget request. Specific recommendations for selected programs are as follows:

The Committee provided an increase of $92,200,000 for ship-self defense efforts in the Navy and ARPA.

The Committee provided $277,164,000 for manufacturing technology programs, an increase of $159,943,000 to the budget request.

The Committee provided $201,391,000, the budget request, for the Joint Advanced Strike Technology program and followed the recommendation of the House Armed Services Committee to consolidate the Navy/ARPA Advanced Short Take Off and Landing (ASTOVL) program into JAST.

The Committee provided a general reduction of $900,000,000 to university research due to fiscal constraints.

The Committee denied all funds to continue development of the Tri-Service Standoff Attack Missile, a reduction of $230,183,000 to the budget request.

The Committee provided $525,182,000, the budget request, for the RAH-66 Comanche helicopter.

The Committee provided $175,476,000, the budget request, for the Armored System Modernization program. The Committee also added $20,500,000 to accelerate the Bradley upgrade program.

The Committee provided $115,857,000, an increase of $40,000,000 to the budget request, for Digitization.

The Committee has provided an increase of $237,000,000 for major Army medical research including AIDS, breast cancer and other cancers.

The Committee provided $408,659,000, a decrease of $100,000,000 to the budget request for development of the New Attack Submarine.

The Committee provided $1,423,875,000, an increase of $15,000,000 to the budget request for development of the F/A-18E/F aircraft.

The Committee provided $496,930,000, the budget request, for the V-22 medium lift aircraft for the Marine Corps.

The Committee provided $171,689,000, the budget request, for F-14 aircraft development.

The Committee provided $105,154,000 for continued development and testing of the C-17 airlift aircraft, a reduction of $116,300,000 to the budget request.

The Committee provided $2,443,349,000 for continued development of the F-22 fighter aircraft, a reduction of $17,800,000 to the budget request.

The Committee provided $74,119,000, the budget request, for development of upgrades to the B-1B bomber aircraft.

The Committee provided $408,543,000, the budget request, for development and testing of the B-2 bomber aircraft.

The Committee provided $92,950,000 for development of high definition displays, an increase of $25,000,000 to the budget request.

The Committee provided $2,491,762,000 for Ballistic Missile Defense, a reduction of $488,093,000 to the budget request.

The Committee denied the request of $97,057,000 for a departmental level manufacturing technology program, and provided funds in the Service accounts instead.

The Committee transferred $130,000,000 for the High Performance Computing Modernization Program to the Procurement, Defensewide appropriation.

The Committee transferred $731,600,000 requested for defense reinvestment funds to a separate title.

HAC, p. 18-20

COMMITTEE BUDGET REVIEW PROCESS

During the regular review of the fiscal year 1995 budget, the Subcommittee on Defense held hearings during the time period of February 24, 1994 to May 4, 1994. Testimony received by the Subcommittee totalled approximately 2,200 pages of transcript.

Of the total some 200 pages will not be printed due to the security classification of the material discussed. Almost 44 percent of the hearings were held in open session. Executive or closed sessions were held only when the security classification of the material to be discussed presented no alternative.

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

UNOBLIGATED AND UNEXPENDED BALANCES

The following tables compare the unobligated and unexpended balances for the military functions of the Department of Defense over the past 28 years for the entire Defense Budget and the accounts covered by this bill. The unobligated balances associated with the accounts covered by this bill are projected to decrease between the end of fiscal year 1993 and the end of fiscal year 1995 from $51.4 billion to $26.2 billion. The unexpended balances at the end of fiscal year 1993 and the end of fiscal year 1995 are projected to decrease from $196.8 billion to $158.1 billion.

HAC, p. 20

REPROGRAMMING ACTIONS APPLICABLE TO THE DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

Throughout the fiscal year, the Department of Defense is given authority to reprogram or transfer funds to programs considered by DOD to be of higher priority. As in any financial plan, funding requirements change during the fiscal year making it necessary to institute certain adjustments. While the Committee realizes a certain degree of flexibility is needed in any budget plan, it feels these reprogramming actions should be kept to an absolute minimum.

The programming actions consist of reprogrammings requiring specific congressional approval, reprogrammings requiring congressional notification and reprogrammings able to be carried forth by the Department of Defense without congressional action or notification. As is reflected in the following table, for fiscal year 1993, a total of 502 reprogramming actions were implemented by the Department of Defense totaling some $3,026,000,000.

HAC, p. 22

FORCES TO BE SUPPORTED

DEPARTMENT OF THE AIR FORCE

The fiscal year 1994 Air Force Budget was designed to support a total active inventory force structure of 52 fighter and attack squadrons, 10 Air National Guard air defense interceptor squadrons and 7 bomber squadrons, including B-2's, B-1's and B-52's. The Minuteman and Peacekeeper ICBM forces will consist of 580 active launchers.

A summary of the major forces as proposed in the President's Budget follows:

	Fiscal year			
	1992	1993	1994	1995
USAF fighter and attack squadrons (Active)	58	58	52	52
Air defense interceptor squadrons (ANG)	12	12	10	10

Strategic bomber squadrons (Active)	18	15	15	7
ICBM Launchers/silos	1,000	1,000	1,000	700
ICBM Missile Boosters	912	787	667	580
USAF airlift squadrons (Active):				
Strategic airlift	20	17	17	15
Tactical airlift	12	11	11	11
Total airlift	32	28	28	26
Total active inventory[1]	7,642	7,572	7,345	7,009

[1]Includes Active, ANG, AFRES-Except foreign government operated aircraft.

End strength	1993	1994	1995
Active duty	444,900	425,700	400,051
Reserve component	201,600	199,200	194,000
Air National Guard	119,300	117,700	115,581
Air Force Reserve	82,300	81,500	78,706

NATIONAL FOREIGN INTELLIGENCE PROGRAM

The National Foreign Intelligence Program (NFIP) requests growth in fiscal year 1995 when compared with actual appropriations in fiscal year 1994.

As discussed under Title VII in this report and in the classified report which accompanies it, the Committee has recommended a net reduction to the NFIP of over $400 million. This will provide robust funding for critically important intelligence programs while holding the total program funding to the fiscal year 1994 level.

HAC, p. 25

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

SPACE AND RELATED PROGRAMS
ORGANIZATION AND MANAGEMENT

INTRODUCTION

In fiscal year 1995 the Department of Defense and the intelligence community will spend $13.5 billion for space programs. Even with the projected decline in overall national security spending, it is doubtful that space programs will decrease below that amount for the foreseeable future. As discussed last year, the Committee has become increasingly concerned that the basic processes which govern military and intelligence space programs have become ineffective and costly. While the individual programs are, in most instances, well designed and managed, there is inadequate coordination between programs, poor definition of greatly changed requirements, insufficient responsiveness to the users of space systems, inattention to potential cost savings in a fiscally constrained environment, and a lack of clearly defined responsibilities for space programs at the senior levels in the Pentagon.

BUDGET REQUEST

In fiscal year 1995, the Department of Defense budget-which includes the requests of both the military and the intelligence communities-totals approximately $13.5 billion for space programs. This represents 5.4 percent of the total requested budget authority of $252.2 billion. As a point of comparison, the fiscal year 1995 NASA budget request totals $14.3 billion, including its non-space programs. Thus, the annual Defense appropriations bill provides at least half of all funds for federal space programs.

Over the next 5 years, DOD plans to spend $70.7 billion on military and intelligence space programs and activities. Of that amount, over 80 percent will be managed by the Air Force and over 70 percent will be for investment.

POLICY

Last year the Committee concluded that there was no clearly defined U.S. national space policy. Despite the passage of another year, no such policy has yet emerged. The Committee also cited several exhaustive studies which had been performed in recent years to address various aspects of space policy. Since that time, DOD has completed its Space Launch Modernization Plan and the Office of Science and Technology Policy is completing its Launch Policy Study. Although these two new studies document yet again the same problems, there appears to be no specific policy direction on the horizon for space launch. Moreover, the fundamental management approach still appears to be to address each space function or activity piecemeal. For example, the OSTP study will essentially propose to let DOD and NASA continue doing what they currently do, and simply encourage each agency to cooperate where possible. DOD will continue to look for ways to improve the robustness of existing expendable launch vehicles, with no direction regarding what to do with the excessively expensive Titan IV.

The Committee continues to believe that there is a need for a national space vision to: (1) define the military, intelligence, civil, and commercial space sector objectives; (2) direct a clear course of action for addressing each sector's mission needs and operational requirements; (3) establish a mechanism for converging each sector's approach to satisfying its technical and funding requirements; and (4) identify potential financial, technological, and societal benefits to be achieved.

Last year, the Committee expressed concern that there was insufficient coordination of space programs at the policymaking level in the office of the Secretary of Defense. Although the Assistant Secretary of Defense (ASD) for International Security Policy (ISP) has since been designated to fill this policy vacuum, little real progress has been made. The Committee strongly believes that a separate, permanent, civilian Deputy Assistant Secretary of Defense for Space Programs should be created within the office of the ASD (ISP) and is, therefore, directing that such a position be established.

Historically, the military services have inadequately funded space programs that are not service-peculiar, but have a broader defense-wide mission. One solution would be to create a separate $13.5 billion appropriation. However, the Committee has, pending further consideration, decided not to pursue this option. Instead, as an interim step, the Committee has centralized into either Procurement, Defense-wide or RDT&E, Defense-wide, as appropriate, funding for the major space programs which are service non-specific. Included are all launch vehicles, and satellites and ground control systems for such satellites as MILSTAR, ALARM and DSCS. The Committee also directs that as a part of the fiscal year 1996 request such centralized funding be continued. The only space related programs that should remain in a specific service procurement or R&D account are those that are uniquely related to that specific service, such as terminals, and that do not impact on the viability of the basic system itself.

ACQUISITION

There are four major U.S. space sectors. The 1992 "Wilkening" report, sponsored by the now defunct National Space Council, concluded that the military, intelligence, civil, and commercial sectors each has its own institutional culture which encourages overlap and discourages cooperation. Addressing only the military and intelligence sectors funded in this bill, there are six different organizations responsible for acquisition-the Air Force, Army, Navy, National Reconnaissance Office, Ballistic Missile Defense Organization, and Advanced Research Projects Agency. A 1993 Air Force report concluded that these multiple space acquisition agencies create: fragmented responsibilities; duplicate facilities, staffs, and infrastructure; deficiencies in achieving economies of scale, optimizing existing capabilities, or focusing on validated operational requirements; and a lack of interoperability which complicates joint and combined military operations. The Air Force has also concluded that the cold war made space systems expensive, resulting in a crises-driven acquisition process. Because the cold war procurement rationale no longer applies, it is now time to look at today's threat and space systems in context and proceed on a more ordered and efficient path.

As indicated by the Committee last year, a single integrated space investment strategy is needed. If that cannot be accomplished in a timely fashion for the entire federal government, it should be possible for the Secretary of Defense and the Director of Central Intelligence to jointly prepare and implement such a plan for the military and intelligence sectors alone. To encourage such cooperation, the National Defense Authorization Act for Fiscal Year 1994 required the Secretary of Defense to submit a space investment strategy to the Congress aimed at reducing costs and increasing efficiencies. The report is not yet complete. In addition, in the fiscal year 1994 Defense Appropriations Act, this Committee required a detailed 5-year plan by February of 1994 on needed organizational changes. This study is not scheduled to be completed until August of 1994.

The plethora of studies drive toward five principal organizational changes that could be made to fix the space acquisition problem.

-Place acquisition responsibility entirely with the Air Force;
-Place acquisition responsibility within the Air Force, but through joint program offices;
-Create a space systems procurement executive office within OSD supported by each service;
-Create a quasi-independent space corps within the Air Force to separately acquire and operate space systems; and

-Create a defense space agency to acquire and manage space systems.

Each of these proposals has its strengths and weaknesses-as well as its proponents and opponents. There is, however, a single theme which is common to these proposals. That is, better central oversight is needed to halt the current fragmented planning, management and execution of space acquisition programs.

The Committee is dismayed at the seeming inability of the Department of Defense not only to correct, but even to produce directed Congressional studies addressing the well-documented inefficiencies of DOD and intelligence space acquisition. Nevertheless, DOD and the intelligence community continue to request the appropriation of billions of dollars of funds annually.

The Committee is no longer willing to wait idly for solutions that may well never be proposed. As discussed previously, the Committee has centralized all space acquisition funding into two accounts: Procurement, Defense-Wide, and Research, Development, Test and Evaluation, Defense-Wide. It is anticipated that such centralization of funding under the control of the Under Secretary of Defense for Acquisition will permit that office to play a more active role in resource allocation and program oversight across service and organizational lines without disrupting the existing contracting process.

The Committee is also directing that all DOD space system acquisitions be placed under the management of a new Procurement Executive Officer (PEO) within the Office of the Under Secretary of Defense for Acquisition who will be supported by the existing military service and defense agency acquisition organizations. It is emphasized that this central PEO will be responsible for resolution of joint requirements, resource management, and program decision making. It will not be responsible for awarding contracts; that will be left to the military service or organization designated by the PEO to be responsible for contract award and management for each space system acquisition.

HAC, p. 25-28

OPERATIONS

Space systems are used for information warfare by multiple and varied users. Most space systems provide capabilities for joint military operations or national purposes. Commanders of joint and combined military operations are expected to rely increasingly on information from space assets in future regional conflicts, particularly given the military experience with such information during the Persian Gulf War. For example, DOD's total satellite communication requirements for 1997 (measured in millions of bits per second of throughput) are divided as follows:

	Percent
National authorities and Commanders-in-Chief	50
DOD agencies	31
Military services	12
Non-DOD agencies	7
Total	100

The Air Force dominates the military space budget, yet generates little of the requirement. Nevertheless, its space budget competes with other service-specific Air Force requirements such as aircraft and missiles. This management structure does not appear to be in the best interest of the multiple and varied space users. An example of less than a total commitment to space is the Air Force leadership's repeated attempts not to fund the MILSTAR satellite development and acquisition.

Not only does the Air Force dominate DOD space acquisition programs in terms of dollars, it also dominates space operations in terms of dedicated civilian and military personnel.

	Number of personnel		
	Military	Civilian	Total

U.S. Space Command	443	128	571
Air Force Space Command[1]	22,737	17,371	40,108
Navy Space Command	249	245	494
Army Space Command	401	89	490

[1]Includes approximately 10,400 military and 1,300 civilian personnel to support the Minuteman and Peacekeeper programs for U.S. Strategic Command.

The Committee believes that space applications are inherently joint and that space information is crucial to all warfighters. The Committee is concerned about the U.S. Space Command's finding in its roles and missions study regarding the lack of a joint effort in the application of space systems to support warfighters. This became evident during the Persian Gulf War where space support was provided primarily on an ad hoc basis. No single organization had the assigned responsibility to bring space expertise to the theater commander, requiring multiple requests to different organizations in the U.S. for information.

According to the General Accounting Office, significant efficiencies could result from consolidating certain space education and training programs. In addition, a January 1994 study by the U.S. Space Command discussed inadequate joint training of space applications. Despite the U.S. Space Command's theater support teams, the Air Force Space Command's Space Warfare Center, the Naval Space Command's space support teams, and the Army Space Command's program to demonstrate and exploit space systems, there is:

-a lack of coordination among the commands;
-little direction from U.S. Space Command to ensure consistent training across all services and commands;
-no plan to establish a joint training effort or a joint space warfare center for exploiting space products by the warfighters; and
-the potential for redundancies among the four space commands.

Considering that military space systems are primarily used for joint purposes, the Secretary of Defense is directed to ensure that the U.S. Space Command creates a Joint Space Warfare Center in lieu of the Air Force Space Warfare Center, and that CINCSPACE take the lead in providing space applications, education and training to the warfighting forces, including the study of tactics, techniques, and procedures, including the development of annual JCS exercises designed to emphasize the uses of military and intelligence space-based assets. In addition, to ensure that space education and training is indeed joint, the director of the U.S. Space Command Joint Warfare Center should be appointed from a different military service from that of the CINC making the selection. In addition, it is expected that over the long term, any "J/G-3", that is, joint or service director of operations, should be expected to have attended the Joint Space Warfare Center prior to his or her appointment.

HAC, p. 28-30

LAUNCH VEHICLES

INTRODUCTION

The U.S. government, primarily the Air Force, has 125 medium and heavy lift launch vehicles currently under contract as follows:

-61 Delta II medium lift vehicles for various Air Force and NASA satellites;
-9 Atlas II medium lift vehicles for the Defense Satellite Communications system;
-14 Titan II medium lift vehicles for the Defense Meteorological Satellite Program; and
-41 Titan IV heavy lift vehicles for the Defense Support Program satellite, MILSTAR, and classified payloads.

To date, nearly 50 of the 125 have been launched.

The Air Force Space Command, with input from other agencies, prepares the National Mission Model which schedules NRO, Air Force, Navy, BMDO, NASA, and U.S. commercial launches. While the Air Force purchases launch vehicles based upon the launch dates identified in the mission model, changes in these dates disrupt vehicle acquisition schedules and increase costs. For example, Atlas II and Titan IV costs are expected to be adversely effected by launch schedule stretchouts of 3 and 9 years, respectively. In the case of Titan IV, approximately 80 percent of the $10 billion cost increase recently reported by DOD is related to the stretchout. The GAO has also found that Atlas may also experience a significant cost increase due to slow downs or adjustments in the production schedule, storage costs, additional tests for vehicle reliability, and additional launch service costs. It is clear that if DOD cannot establish more reliable launch schedules, it will continue to experience significant vehicle cost growth. A new launch system with standard interfaces and modular designs is one possible solution to coping with greater uncertainty in the launch schedules.

Currently, no overall space systems model exists to aid decision makers in assessing requirements, capabilities, and effectiveness of space assets as a total system. Instead, current planning is based on individual elements such as vehicles, satellites, launch facilities, and satellite control. DOD needs to focus on the overall contribution of space systems to the warfighter, instead of making decisions on individual system objectives that may suboptimize overall space objectives.

According to the GAO, the potential commercial market for medium-size launch vehicles is, and will continue to be, small. The two U.S. contractors that produce Delta and Atlas compete with foreign organizations for commercial launches which are projected to be approximately 17 per year. There is no driving requirement in the commercial community for a new launch vehicle. To the GAO, it appears that U.S. manufacturers will keep their market share in medium launch vehicles regardless of whether the Department of Defense finances an upgrade program. Future investment in upgrading or modernizing U.S. launch vehicles should be based upon national objectives rather than economic payback from the commercial market.

There is currently no coherent U.S. policy on the use of Russian launch vehicle technology. Russian launch systems and technology (Proton, Energia, and Zenit vehicles, and advanced engines) are available to the U.S. to improve the current launch fleet. However, several problems need to be overcome, including:

-Security and integration of U.S. payloads;
-Adequacy of Russian facilities and logistics support;
-Impact to the U.S. industrial base;
-Stability of Russian economies and politics;
-Language barriers; and
-Russian incentive to maintain any business relationship.

The Secretary of Defense is directed to provide no later than February 1, 1995, a policy statement for the use of Russian launch vehicle technology which provides U.S. commercial firms detailed guidance on the acceptability to DOD of such factors as: use of imported technology on critical DOD systems, licensing of technology to U.S. firms, and co-production agreements.

NEW LAUNCH VEHICLE UPGRADE PROGRAM

Over the last decade, over $2.0 billion has been spent for several different programs to develop a new "clean sheet of paper" launch vehicle. Most-the Advanced Launch System, the National Launch System, and Spacelifter-have been canceled because of a lack of affordability. Conversely, every one of the many studies and blue ribbon panels on space launch has concluded that the current fleet of launch vehicles is too costly and inefficient.

In the fiscal year 1995 DOD budget, there are no funds either for development of a brand new launch vehicle or for significant modifications to improve current vehicles or technologies. The recently completed Moorman Panel concluded a new "clean sheet of paper" vehicle would cost between $5 billion and $8 billion to develop. On the other hand, the Panel concluded that a major evolutionary upgrade of current vehicles could achieve many of the same benefits and cost only $1 billion to $2 billion to develop.

It is the Committee's belief that the expenditure of $1 billion to $2 billion could allow termination of the Titan IV heavy lift vehicle, make current medium launch vehicles more cost effective, and save billions of dollars over the next twenty years. For example, after the turn of the Century, if the average recurring launch cost of a new vehicle were $300 million, the development costs would be repaid after only two launches since the comparable Titan IV average launch costs are projected to approach $1 billion.

The House-passed authorization bill included $100 million above the budget in fiscal year 1995 to start a major upgrade program based upon evolving current technologies. The Committee has, therefore, added $90 million above the budget in FY 1995 and redirects $10 million already provided to ARPA in FY 1994 to begin a major launch vehicle upgrade program with the following goals:

-Use current technologies or new technologies with a low development risk to create a new family of launch vehicles;
-Produce an operational vehicle that could be configured to replace Titan IV class payloads;
-Produce an operational vehicle that improves the commonality of hardware, payload interface, and launch support across medium and heavy launch vehicles; and
-Conduct an open competition; the Committee commends the advances of small innovative firms in developing low cost technology and directs DOD to incorporate these technologies into the competition.

To ensure that those goals are met, the Committee has included section 8106 which requires in law the Secretary of Defense to submit a plan no later than September 1, 1995 "for the development of and initiation of a competition for a family of launch vehicles that is: (1) capable of launching both medium and heavy payloads, (2) fully funded in the outyears, and (3) scheduled to be available prior to the launch of the forty-first Titan IV expendable launch vehicle". In the event that the Secretary does not comply with this legal requirement, funds cease to be available for the Titan IV program.

REUSABLE LAUNCH VEHICLES

Conceptually, a Single Stage to Orbit (SSTO) launch vehicle would be reusable, cheap to operate, and be ready for a launch in only a matter of days after returning from space. Such a vehicle is generally referred to as "leap frog" technology because the next evolutionary step in space launch vehicle development would logically be a new-and more traditional-expendable vehicle, not a reusable vehicle. The Strategic Defense Initiative Organization (SDIO), now called Ballistic Missile Defense Organization (BMDO), built and tested a sub-scale, suborbital model of an SSTO vehicle. The flight tests will be completed during fiscal year 1994 and the total costs of the program will be approximately $70 million. The fiscal year 1994 budget requested no funds for SSTO or reusable technology. However, the Congress appropriated $40 million to continue development of an SSTO launch vehicle.

Virtually every launch vehicle study that has looked at the SSTO proposal concludes that it is unaffordable and technologically unavailable in the near future. Cost estimates for the full development program range from $10 billion to $40 billion to produce the first vehicle. The White House is expected to announce shortly that NASA, not DOD, will be responsible for developing the SSTO launch vehicle. It will not be DOD's responsibility to build an SSTO vehicle, nor would it be affordable for DOD to do so. However, there is value in DOD funding a few propulsion and materials technology development programs to determine the extent to which reusable launch vehicle components could be used to lower the cost of DOD's expendable launch vehicle fleet.

The House-passed authorization bill included $100 million above the budget in fiscal year 1995 for SSTO development and reusable launch vehicle technology. The Committee has provided $50 million above the budget in fiscal year 1995 for DOD to fund selected reusable launch vehicle technologies. DOD will also be expected to release the $40 million already provided in fiscal year 1994. However, if responsibility for SSTO development is assigned to NASA, no funds should be provided to DOD for this effort.

TITAN IV

The Titan IV expendable launch vehicle (ELV) is the largest in the U.S. inventory and is capable of placing 47,000 pounds in low earth orbit. The current Air Force contract with Martin Marietta is for 41 satellites, 28 of which are classified payloads. Most of the remaining 13 belong to the Air Force MILSTAR and the Defense Support Program (DSP). After completion of the current 41-vehicle contract, the Titan IV program will exist almost exclusively to support a few classified payloads. To date 9 of the 41 Titan IVs currently under contract have been launched. The total annual budget request for the entire Titan IV program is approximately $1 billion.

Phaseout of Titan IV. Although the last of the 41 Titan IVs will not be launched until after 2002 at the earliest, the Air Force fiscal year 1995 budget includes $40.9 million for advanced procurement for starting a new Titan IV buy. On April 21, 1994, the DOD Inspector General published a report that concludes that if there is a requirement for additional Titan IVs, then the Air Force would not need to start a new buy for a least 2 years.

The Committee has, therefore, deleted the $40.9 million requested in fiscal year 1995 to begin a new Titan IV buy for which there is no requirement and has included within section 8106 a prohibition on the expenditure of any funds for procurement of over 41 Titan IV launch vehicles.

Each Titan IV launch currently costs approximately $350 million just for the launch vehicle-excluding the satellite costs. By the year 2000 each launch may cost $750 million, and by the year 2005 each launch could exceed $1 billion-again excluding the satellite cost. By comparison, the cost in 2005 to launch a satellite on the medium class Atlas launch vehicle should be no more than $200 million to $300 million. Because of the excessive expense of using the Titan IV, all newly developed DOD satellites-for example, ALARM and the MILSTAR follow-on-are getting off of the Titan IV class vehicle. The NRO maintains that it will continue to use the Titan IV regardless of the cost. In conjunction with an initiative to develop a cheaper launch vehicle addressed in a separate

recommendation, the Committee directs the Air Force to end the Titan IV program after the current contract. The Air Force is also directed to begin working with NASA to prepare Defense Support Programs satellites 21, 22, and 23 for launch on the shuttle, not on Titan IV. Significant dollar savings will result without any adverse schedule impact since these satellites are not planned for launch for at least 5 more years. In addition, the Committee has included in section 8106 specific direction that, within the existing procurement of 41 Titan IV launch vehicles, 6 will be reserved for the launch of the first 6 MILSTAR (block I and II) satellites.

Transfer to NRO. Each year the Air Force budgets around $600 million for fixed Titan IV infrastructure costs and for the incremental costs of the Air Force Titan IV launches scheduled in that particular year. The NRO also budgets approximately $500 million each year only for the incremental costs of its launches in that year. Even though the NRO has most of the launches and drives most of the technical requirements, it is not required to pay for the fixed costs of the Titan IV. The NRO is also the only organization in the entire federal government that is not actively working to shift off of the Titan IV. The Committee is, therefore, assigning to the NRO the responsibility for budgeting for the fixed costs of the Titan IV. The Air Force and the NRO will each continue to budget for any incremental costs associated with their specific launches in any fiscal year. The Air Force is expected to continue aggressive efforts to downsize its large payloads such as MILSTAR.

Unreimbursed NASA Support: According to information provided by DOD, NASA owes the Air Force between $100 million and $200 million in reimbursements for Titan IV support. DOD should be billing NASA for all incremental costs as they are being incurred. Because NASA negotiated the current agreement with the Air Force in good faith and plans to fully reimburse the Air Force over the next several years, the Committee will take no action that might penalize NASA. However, the Air Force is reminded that all future agreements with NASA-or any other federal or commercial organization-must comply with the longstanding Congressional and DOD budgetary policy that incremental costs are to be reimbursed no later than the same year in which the costs are incurred.

Excess Titan IV Pads: The Air Force currently operates three pads capable of launching Titan IV vehicles-one on the west coast at Vandenberg Air Force Base, California, and two on the east coast at Cape Canaveral Air Force Station, Florida. This provides the capability of launching at least six Titan IVs per year-two Titan IVs per year from each pad. While the current launch schedule shows only one future year which might require the use of both east coast pads, that schedule is being revised to slow down some Defense Support Program launches and transfer others to the space shuttle. The Committee directs the Air Force to begin closing one Titan IV launch pad on the east coast during fiscal year 1995. Any savings accrued during fiscal year 1995 may be used to offset one-time closing costs.

LAUNCH DELAYS

A 1993 Air Force Space Command study of launch operations reported that the command does not have a standard definition as to what constitutes a launch delay or a good data collection process to determine the reasons for delays. Despite these criticisms, the study identified delays through discussions with launch personnel. The general results were that hardware related problems accounted for 76 percent; launch facility and range problems, 12 percent; and weather and previous delays, 12 percent. Although launch delays seem to be of primary interest to DOD, the General Accounting Office was not able to determine if delays at U.S. facilities are excessive because of the lack of criteria. In fact, the GAO found that several contractor and military personnel involved with space launches were of the opinion that the delays were not a concern.

Launch responsiveness is the time required between launches, including delays for such things as pad repair, payload processing, and vehicle assembly. Some DOD representatives say that the current average of 60 to 90 days is too long. However, some commercial representatives believe the response time is

about what is expected industry-wide. The different opinions may be because DOD wants a launch-on-need capability whereas industry is satisfied with launch-on-schedule. The CINC, U.S. Space Command, has stated that DOD needs a 7-day launch-on-need capability. Although a small vehicle (Taurus) is working towards that kind of response time for very light payloads, the GAO has found that virtually all DOD personnel questioned believe the goal is unrealistic for larger payloads, given today's budget constraints and the current launch complexes and vehicles.

An Air Force study estimated that response time could be reduced by as much as 30 days through actions such as:

-Standardized interfaces and non-dedicated vehicles. Currently, DOD launch vehicles, except Delta IIs, are customized and dedicated to specific payloads.

-Flight ready vehicles and payloads. Some vehicles and payloads are not flight ready when delivered to the launch facility, requiring modification at the pad.

-Integrate-transfer-launch. All payload processing and vehicle integration is done off the pad and the assembled vehicle is transferred to the pad for launch. A large negative aspect is major changes to space launch complexes would be required at significant cost.

-Reduced testing at the pads. Currently, each payload is virtually 100 percent tested twice at the pad.

By February 1, 1995, the Secretary of Defense is requested to provide a determination as to the military requirement for a launch-on-need policy and an assessment of any significantly adverse impact that current launch delays have on U.S. military or intelligence capabilities.

LAUNCH INFRASTRUCTURE

The General Accounting Office estimates the total Space Launch Infrastructure Investment Program (SLIIP) costs during the 1990's to be about $2.2 billion, with 40 percent unfunded. The $2.2 billion is allocated to: range standardization and automation; launch base infrastructure fixes; vehicle safety and reliability enhancements; and launch facilities.

In 1994, DOD provided the Congress a report which was essentially an update of the SLIIP, but it omitted all unfunded and certain vehicle modification costs that were part of the SLIIP. Both are shown below.

SLIIP

[Dollars in millions]

		Fiscal year-					
	1990-93	1994	1995	1996	1997	1998	1999	Total
Required	$421	$442	$345	$331	$278	$215	$213	$2,245
Unfunded	62	93	120	192	139	121	161	888
1994 update	284	169	177	145	128	114	52	1,069

The GAO also found that the Eastern and Western Ranges, including associated systems, will be capable of meeting DOD and national launch requirements. Moreover, projections are that DOD launch rates will decline, medium-lift commercial rates will remain stable, and small-lift commercial rates are still uncertain. Considering projected launch rates, spending large sums on facility improvements may not be justified. Only critical repair and maintenance may be warranted.

DOD maintains two range stations in the Atlantic (on Antigua and Ascension) to support Kennedy Space Center and Cape Canaveral and one range station in the Pacific (Kwajalein) to support Vandenberg. The two Atlantic stations are used to receive telemetry during space launches and to assist in Trident ICBM tests. The Pacific station is used to assist in Minuteman and Peacekeeper ICBM tests. There are no remote range stations supporting Vandenberg space launches. Instead, telemetry from space launches out of Vandenberg is received via an electronically equipped aircraft.

Range stations are highly labor intensive and expensive to operate, which is one aspect the Range Standardization and Automation program is supposed to improve. However, it is not apparent why two range stations are required for the East Coast operations when one suffices for the West Coast. The GAO has reported that Ascension does not have destruct capability for space launches. Its role in space launches is relatively minor, with its main role as a target monitor for Navy Trident tests.

It is also not apparent why an ICBM launch test facility is required on each coast. Navy Tridents could be tested from Vandenberg using Kwajalein instead of Ascension. When a missile located on an Atlantic-based submarine is selected, it could be transported via the submarine, or another ship, to the West Coast, like Pacific-based missiles are transported to the East Coast.

Preliminary indications are that at least one of the Atlantic stations may be unnecessary, if the two ICBM facilities could be consolidated and located at Vandenberg. Vandenberg is the likely candidate for the consolidated operation since it is currently underutilized-about one launch per month as opposed to about 3 launches per month at Kennedy/Cape Canaveral.

No later than February 1, 1995, the Secretary of Defense is requested to report to the Committee the feasibility of closing one of the Atlantic stations supporting the Eastern Range, as well as the feasibility of consolidating all ICBM testing in the Pacific.

SUPPORT TO COMMERCIAL SPACE LAUNCH INDUSTRY

Under the Commercial Space Launch Act, as amended (49 U.S.C. 2601), the U.S. national policy is to facilitate and encourage the commercial launch industry. The Act requires that the amount to be paid to the United States for use of government property, such as for launch services, shall be actual costs that can be unambiguously associated with a commercial launch effort, and would not be borne by the United States Government in the absence of the commercial launch effort. This represents incremental costs above what DOD would normally incur for a space launch.

The General Accounting Office has advised the Committee of an inconsistent practice in the way the Air Force charges commercial users of national launch facilities at Cape Canaveral and Vandenberg. The Secretary of Defense is directed to provide for uniform and standardized commercial charges and recoup all incremental charges.

COMPETITIVE COMMERCIAL LAUNCHES

According to a recent investigation by the General Accounting Office, price and launch dates are considerations when commercial satellite manufacturers choose a launch facility. These factors, however, have not been major concerns with U.S. launches. Nor has the threat of military preemption been a concern, because it never happens. The GAO also found that:

-U.S. launch manufacturer marketing and pricing policies are the main reasons U.S. commercial payloads have been going to Ariane. Ariane is considered to be a better and more forceful marketer than U.S. launch companies. For example, the GAO found that Ariane will launch a payload equal in weight to Atlas's maximum capability for the same price, but charge only for the payload's actual weight in kilograms at the time of launch. Thus, a payload weighing less than Atlas's maximum capability, but too heavy for a smaller launch vehicle, will cost less on an Ariane because Atlas charges basically the same per launch regardless of weight.

-Launch reliability is the second most important consideration when choosing a launcher. For example, the GAO found that one manufacturer chose Ariane for its launch needs because Ariane had already completed a number of successful launches. Delta was too small and Atlas was just getting its system established. Therefore, Ariane was chosen on the basis of reliability, not price, although Ariane was slightly cheaper as well. The manufacturer said it would likely choose Atlas for its next set of launches.

The GAO found that, although the U.S. has seen a decrease in its share of commercial launches, the decrease has been mainly due to an increase in the number of foreign payloads, not to a decrease in the number of commercial launches from U.S. facilities. Commercial launches (including NASA) from U.S. facilities averaged over 12 per year since 1977, the year before Ariane began, and until the Challenger explosion in 1986. During 1990 to 1992, after recovery from Challenger, the average was 11.

The following table reflects and displays these trends. It should be noted that the biggest single loss of commercial launches by U.S. facilities appears to be the European Space Agency (ESA) satellites, which may have been because of political rather than economic reasons.

COMPARISON: U.S. VERSUS ARIANE LAUNCHES (1977-92)

	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92
From U.S.:																
Commercial[1]	14	21	9	5	12	11	14	17	13	4	2	3	5	12	10	12
(ESA)	(5)	(2)	(1)					(1)								(1)
From Ariane:																
Commercial[1]	0	0	2	2	4	2	3	5	9	5	3	13	10	16	15	13
(ESA)			(2)	(2)	(3)	(1)		(2)	(2)		(1)	(2)	(3)	(1)	(7)	(3)

[1]Commercial launches are all non-DOD launches such as NASA, NOAA, U.S. commercial, and foreign.

Despite the trend away from using U.S. launch vehicles, the commercial situation may be improving for U.S. launch facilities. Several factors, according to the GAO, may lead to a natural increase in the U.S. share of commercial launches. For example:

-Ariane is booked through mid-1997, which is further out than most commercial manufacturers want to go when obtaining a launch date.
-Atlas II has had several successful launches in recent years.
-Ariane's launch failure in February has raised concern about its reliability advantage over Atlas, and it is already technically less reliable than Delta. In fact, one U.S. satellite manufacturer switched its commercial satellite from Ariane to Atlas shortly after the Ariane failure.
-There is an increase in commercial launch activity at U.S. facilities. For example, one U.S. manufacturer of small launch vehicles has refurbished an unused building at Vandenberg Air Force Base to assemble its launch vehicle. Another manufacturer has begun refurbishing SLC-6 at Vandenberg to launch a new series of light to medium weight vehicles. Both companies are also planning operations at the Cape.

In light of the GAO findings, the Committee believes that there is currently no requirement for DOD to finance any launch vehicle or facility improvements solely to improve U.S. commercial competitiveness.

HAC, p. 30-40

SATELLITES
EARLY WARNING SATELLITE PROGRAMS

For the past several years, the Department of Defense has been in the midst of initiating a new architecture for infra-red satellites capable of providing early warning of ballistic missile launches. With the lessons that have been learned from the Persian Gulf war, implementing this new architecture has become a high priority of U.S. military commanders-in-chief. As addressed below, the Committee recommends the following amounts for early warning satellite programs:

[In millions of dollars]

	Request	Committee
Brilliant Eyes:		
RDT&E, Defense (BMDO)	$120.0	0
RDT&E, Defense (Air Force)	0	120.0
DSP 23 Procurement:		

Msl Proc, AF (Air Force)	364.0	0
Proc, Defense (Air Force)	0	364.0
DSP 24 Procurement	0	0
ALARM:		
RDT&E, AF (Air Force)	150.0	330.0
Total	634.0	814.0

ALARM Program Acceleration. The fiscal year 1995 budget includes $150 million to begin development of the ALARM satellite. The Committee is convinced that acceleration of the ALARM program is critical to the national security of the United States. The Air Force has indicated that there are no technical or programmatic risks to accelerating the program. As a result, a total of $330,000,000, an increase of $180,000,000, has been provided to enable the Air Force to accelerate the first launch. Because of the national importance of this program, the Secretary of Defense is directed to: (1) ensure that the program is fully funded in the outyears, (2) complete the Engineering and Manufacturing Development (EMD) contract down-select by March 31, 1996, and (3) work toward an ALARM first launch capability of no later than the year 2000.

ALARM Technology Demonstration Program. Included in the ALARM request is $30 million to begin a separate technology demonstration which is ultimately projected to cost over $150 million, has not been justified as producing information required to proceed with the ALARM program, and would not produce information in time to influence design of the ALARM payload. The Committee, therefore, explicitly directs that no funds are available for the technology demonstration program as originally proposed. However, the Air Force may conduct any technology demonstrations specifically necessary to support design of the first ALARM satellite. Without the prior approval of the Congressional defense committees, such demonstrations may either be conducted on an airborne platform or, if conducted in space, may only be performed as a part of an already planned infra-red payload such as the BMDO Miniature Sensor Technology Integration (MSTI) program.

Defense Support Program. The Air Force requested a total of $364.0 million to continue procurement of DSP satellite 23. The Committee has provided the full amount.

No funds were requested for continued acquisition of DSP 24. The Committee agrees with the DOD proposal to discontinue development of this specific satellite. No funds are included in this bill and no funds are available without the specific prior approval of the Committee.

As discussed elsewhere in this report, the Air Force is directed to begin configuring DSP satellites 21, 22, and 23 for launch on the shuttle.

TACTICAL SUPPORT SATELLITE

The Advanced Research Projects Agency (ARPA) began development of the Tactical Support Satellite (TSS) in fiscal year 1994. The Committee fully supports this effort and has provided a total of $70.0 million in RDT&E, Defense-wide-$40.0 million under Advanced Spacecraft Technology for the Phillips Laboratory and $30.0 million under Experimental Evaluation of Major Innovative Technologies (EEMIT) for ARPA. The Committee stipulates that the entire $70.0 million is under the management control of ARPA for project execution.

METEOROLOGICAL SATELLITE PROGRAMS

DOD, the National Oceanographic and Atmospheric Administration (NOAA), and the National Aeronautic and Space Administration (NASA) recently completed a tri-agency convergence study and implementation plan for polar orbiting weather satellites. This study recommended:

-A single 3-satellite constellation, with an objective of 2 U.S. and 1 European satellites;
-Plans to leverage off NASA research mission EOS-PM to the greatest extent possible, but not as an "operational" satellite;
-Program synchronization for DOD and NOAA follow-on programs, DMSP Block 6 and NOAA satellites O, P and Q, respectively;
-An integrated program office with participation from all three services; and
-NOAA lead in satellite operations, DOD lead in satellite acquisition, NASA lead in advance satellite technology transition.

Based upon the less than stellar history of jointly funded programs, the Committee believes that DOD should make every effort to prevent the migration of any of the civilian agency costs into the DOD budget.

Last year, the Committee directed that DOD transfer two DMSP satellites to NOAA to synchronize the transition to an integrated program. The committee made this recommendation based upon the current projection that NOAA has only 6 satellites remaining to be launched, but DOD currently has 9 DMSP satellites remaining to be launched. In view of the recent Presidentially-approved, tri-service Implementation Plan for a Converged Polar-Orbited Environmental Satellite System, the General Accounting Office is requested to comment not later than February 1, 1995 on the feasibility and cost-effectiveness of the proposed transfer.

All DOD costs incurred for environmental satellite programs will be in accordance with the Implementation Plan. To the extent that NASA conducts a separate study on the convergence of its Earth Observing System altimetry mission with the Navy Geosat follow-on program, the Navy or any other DOD agency is expressly prohibited from participating in such a study unless reimbursement is provided by NASA for the full incremental costs incurred.

CLEMENTINE

The Committee believes that management of the Clementine I project should remain at the existing facilities as management responsibility shifts from the Ballistic Missile Defense Program to the military services. If the Department proposes to continue the Clementine program by using different DOD facilities to manage the program, the existing facilities should be permitted to compete for the opportunity to continue managing the program. However, no funds were requested by DOD for additional Clementine satellites and no funds have been provided.

LANDSAT

Last year the Committee made permanent a general provision permitting DOD to procure the LANDSAT 7 satellite. However, DOD and NASA recently reached an agreement whereby responsibility for all aspects of the LANDSAT program will be transferred to NASA. Consequently, the Committee has included Section 8051 repealing DOD's LANDSAT procurement authority.

HAC, p. 40-42

AIR FORCE SATELLITE CONTROL NETWORK

The January 1994 roles and missions study of the U.S. Space Command identified the potential for consolidating the Air Force and Navy satellite control networks. However, while the U.S. Space Command is performing a more detailed study to determine the most efficient and cost effective solution, the Air Force is planning a costly incremental upgrade to its network.

The Air Force Satellite Control Network (AFSCN) performs tracking, telemetry, and command functions for 84 satellites. Operations are manually intensive, requiring a large number of highly skilled personnel, and are therefore costly. The GAO has reported to the Committee that the AFSCN centralized computer system is limited in data processing capacity, resulting in an inability to handle planning and real-time operations data simultaneously. The computer system also lacks standardization and interoperability across several satellite systems.

Despite estimates that a new system could be developed for $1 billion, the Air Force plans to spend $1.5 billion over the next five years to upgrade and modify the current system. In addition, U.S. Space Command does not plan to develop an architecture for satellite control as the Joint Chiefs of Staff tasked it to do. According to the GAO, the reason is because of its present inability to implement an architecture for Cheyenne Mountain Upgrades.

In comparison, the Navy Satellite Control Network (NSCN) is a more modern design-a full generation ahead according to one Air Force expert-than AFSCN, but its use will substantially decline by 1997 because the TRANSIT navigational satellite is scheduled to be phased out, and only the GFO satellite is scheduled to be added.

For fiscal year 1995, the Air Force requested a total of $283,857,000 in P.E. 35110F for improvement and modernization of the AFSCN. The request consisted of $101,146,000 for RDT&E, $25,810,000 for Other Procurement, $144,719,000 for O&M, and $12,182,000 for Military Personnel. Of this request, the Committee recommends deleting $256,675,000 until (1) the U.S. Space Command completes its study and provides an architecture, implementation plan, and milestones for achieving consolidation and (2) the Air Force performs a cost and operational effectiveness analysis of alternatives to the existing network that includes a new acquisition using advanced technologies, the Navy's architecture, and a long-term incremental upgrade approach. The Committee also directs the Secretary of Defense to consolidate Air Force and Navy satellite control capabilities and strive toward satellite control convergence with national and civil agencies.

The GAO reports that there is also a potential for performing more cost-effectively the space surveillance mission to detect, track, identify, and catalog all man-made objects in earth orbit. The U.S. Space Command is analyzing requirements and capabilities of existing Air Force, Navy, and Army sensors to perform the mission. The overall goal of the study is unclear. The Committee directs the Secretary of Defense to ensure that the study assesses the most cost effective ways of performing the mission.

HAC, p. 43

COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE
TACTICAL INTELLIGENCE AND RELATED ACTIVITIES

The Department of Defense Tactical Intelligence and Related Activities (TIARA) encompass a diverse array of reconnaissance, surveillance and target acquisition programs which are primarily a functional part of the basic military force structure, and provide direct information support to combat operations. TIARA includes those activities outside the General Defense Intelligence Program which respond to operational command tasking for time-sensitive information as well as to national command, control, communications, and intelligence requirements.

Explanations of the Committee's specific recommendations for TIARA programs appear in the appropriate sections of this report or in the classified report which accompanies it. The funding provided for TIARA will fully support these activities in the forthcoming year.

SINCGARS

The fiscal year 1995 budget requested $367.4 million in Other Procurement, Army for various SINCGARS radios. The Army plans to spend $270.6 million for 21,636 sets of SINCGARS ground radio hardware in fiscal year 1994, an average estimated cost per unit of $12,507. The Army held a competition between the 2 producers of these radios to apportion the ground radio production between them based on price, quality, and other factors. One firm won about 54 percent of the fiscal year 1994 award and the other firm won the remaining 46 percent. The average unit price for both contractors came to $8,800. The unit costs for product improvement and other equipment amounted to approximately $1,910, bringing the total fiscal year 1994 unit price to $10,710 for SINCGARS hardware. The total quantity purchased on these contracts was 23,293 radios, including 300 initial spares. At an average unit price of $10,710 the total fiscal year 1994 cost for all radio sets amounts to $249.5 million, a reduction of $21.1 million from the $270.6 million budgeted. The 22,293 radio sets purchased for equipping troops exceeded the quantity budgeted for that purpose by 1,357 units.

In the fiscal year 1995 budget the Army estimated a total cost of $285.3 million for 21,313 ground radios and associated equipment, an average unit cost of $13,386. The amount budgeted for fiscal year 1995 may be reduced based on the following factors:

-The Army's fiscal year 1995 requirement of 21,313 radios can be reduced by the 1,357 purchases that exceeded the budgeted quantities for fiscal year 1994. At the Army's fiscal year 1995 unit price estimate of $13,386, the fiscal year 1995 requirement would be approximately $18.2 million less for the already procured 1,357 units.

-Aggressive competition between the two firms is expected to continue in fiscal year 1995. A reasonable unit price estimate for this year would be the average fiscal year 1994 contract price plus the DoD prescribed inflation factor of 2.8 percent, producing an average price of $11,010-$2,376 less than the Army's estimate. The adjusted fiscal year 1995 requirement of 19,956 radios (21,313 budgeted less 1,357 purchased in fiscal year 1994) times the reduction in the unit price of $2,376 would yield a further savings of $47.4 million.

It is recommended, therefore, that the fiscal year 1995 SINCGARS budget request be reduced by a total of $65.6 million.

The Committee is pleased with the progress made in both value and quality within the SINCGARS program driven by the Army's dual source acquisition strategy. As such, the Committee fully supports the continued use of the dual source acquisition approach for this system until such time as the quantity no loner merits this method.

COMMERCIAL COMMUNICATIONS INITIATIVE

Last year the Committee provided $20 million for the Defense Information Systems Agency (DISA) to continue its comprehensive review of the feasibility of using commercially available satellites and terminals to support DOD communications requirements. Based upon the favorable results, the Committee has provided $10 million to continue this effort.

The Department should begin a demonstration project to begin testing how these civilian technologies can be used to satisfy existing or projected military communications requirements. The Committee directs that $5 million of the $10 million is to be used for a demonstration project to support disaster relief and military contingency requirements. The Office of the Manager of National Communications Systems, in conjunction with the Air National Guard, shall acquire not less than four complete sets-from at least two competing vendors-of commercially available transportable satellite earth terminals and supporting telecommunications equipment, including leasing of required commercial transponders time. The Air National Guard is directed to begin operational use of this equipment to document its utility in responding to national disasters and military contingencies.

AN/PSC-7 UHF SATCOM RADIO

The Committee has been advised of a requirement to modify existing Army and special operations AN/PSC-7 radios with embedded COMSEC and Demand Assigned Multiple Access (DAMA) capabilities in order to meet JCS-established standards. The Army is directed to report to the Committee by March 15, 1995, on its plans to meet this requirement.

HAC, p. 44-45

COMMUNICATION-ELECTRONIC MODIFICATIONS

Historically, eleven electronic modifications are included under this line item. A total of $18.9 million is requested in Other Procurement, Air Force in fiscal year 1995 for six modifications, with the other five receiving funding in prior years.

The MPN 14K Landing Control modification is substantially complete. Prior year funds of $1,175,000 are not needed to complete this modification because the work has cost less than anticipated. To date over $400,000 of fiscal year 1993 funds were reprogrammed from this line, and it is anticipated that $750,000 of fiscal year 1994 funds will be excess to the requirement. The fiscal year 1995 appropriation is, therefore, reduced by that amount to reflect the excess funds that will be carried over and available to satisfy the fiscal year 1995 requirement.

HAC, p. 45-46

THEATER BATTLE MANAGEMENT C2 SYSTEM

The Theater Battle Management C2 System program requested $45.5 million in Other Procurement, Air Force to acquire state-of-the-art equipment for worldwide command and control functions. Part of the fiscal year 1995 C2 System budget request is for $13.1 million to procure four communication suites. Additional software requirements have now been added to the prototyping phase causing the expected procurement and associated funding to be delayed from fiscal year 1995 to fiscal year 1996. The excess $13.1 million is, therefore, deleted from the fiscal year 1995 budget request for the C2 System.

HAC, p. 46

COMMANDER'S TACTICAL TERMINAL

The Committee is concerned that the Army's plan for fielding the Commander's Tactical Terminal (CTT) does not ensure that the tactical units have the most capable intelligence communication capabilities. Current plans stretch CTT delivery into the next century. The CTT's capabilities were fully demonstrated during the Gulf War and are currently being utilized in several conflict areas with substantial results. Furthermore, CTT is an early integral part of the Army's high priority effort to digitize the battlefield. The Committee directs that the Secretary of the Army present a fully funded accelerated acquisition plan to the House and Senate Appropriations Committees within 120 days of enactment of the fiscal year 1995 Department of Defense Appropriation Act that will: (1) substantially reduce fielding time; (2) ensure that all Army and joint requirements are incorporated into the integrated acquisition plan and (3) that the plan be the most cost efficient to include eliminating ongoing duplicative efforts.

HAC, p. 46

WWMCCS/GLOBAL COMMAND AND CONTROL SYSTEM

The Air Force requested $12.6 million in Other Procurement, Air Force in fiscal year 1995 for the WWMCCS program. This line item includes automated data processing equipment for four command and control programs. One of the four programs is for the Air Force Command and Control System (AFC2S) Hardware. According to Air Force officials, AFC2S hardware is required to support software at 13 sites and 105 remote sites.

The fiscal year 1995 budget includes a request of $4.189 million for AFC2S. However, after the budget was sent to the Congress, the Air Force canceled the program on April 29, 1994, because they considered it to be unexecutable. Accordingly, the fiscal year 1995 budget request for this line item is reduced by $4.189 million. In addition excess fiscal year 1993 funds of $746,000 are designated as an item of congressional interest and cannot be reprogrammed without prior congressional approval.

HAC, p. 46

ANTIJAM VOICE

The fiscal year 1995 budget request shows that the Air Force planned to use Other Procurement, Air Force funds to buy 714 SINCGARS-V radios using fiscal years 1994 and 1995 funds at a combined cost of $10.304 million. With the fiscal year 1994 funds, the Air Force planned to buy 696 radios for $9.914 million, or $14,244 per radio. It planned to buy another 18 radios with the fiscal year 1995 funds for $390,000, or $21,667 per radio. However, the Air Force obtained better prices than originally estimated.

After the budget was submitted to the Congress, the Air Force purchased 485 radios in April 1994 for $5.816 million at a unit cost of $11,992. The Air Force now expects to buy an additional 222 radios in July 1994 for $2.662 million at a unit cost of $11,992. Air Force officials stated this action will buy out its SINCGARS requirement.

Because the Air Force is buying out its SINCGARS requirement in fiscal year 1994, the fiscal year 1995 budget request of $390,000 is not needed and has been deleted. Also, $1.436 million of the fiscal year 1994 funds are designated an item of congressional interest and cannot be reprogrammed without prior congressional approval. This represents the difference between the $9.914 million appropriated to the Air Force in fiscal year 1994 funds and the $8.478 million which they now expect to expend using current contract prices for the April and July 1994 buys.

HAC, p. 46-47

RADIO EQUIPMENT

In fiscal year 1995, the Air Force has requested $19,618,000 in Other Procurement, Air Force, for Radio Equipment. This program is more commonly called Scope Command, and provides resources to modernize the Air Force High Frequency radio communications systems at world-wide locations. Because

this program supports communications for the President, the military commanders-in-Chief and other high priority users, the Committee included language in last year's report expressing concern that the Air Force was inadequately supporting modernization of the Scope Command network.

The Committee is encouraged that the Air Force has requested funds for this important effort and has provided the full $19,618,000 being requested. These funds are also being designated an item of specific congressional interest and may not be used for any other purpose without specific Committee approval.

HAC, p. 47

DEFENSE METEOROLOGICAL SATELLITE PROGRAM (DMSP) TERMINALS

The Air Force requested a total of $16.1 million in Other Procurement, Air Force in fiscal year 1995 for DMSP, a part of which includes the Mark IV terminal upgrade. The Air Force intended to buy with fiscal year 1994 funds seven MARK IV upgrades at a unit cost of $1.357 million each. They now plan to buy seven of a less costly upgrade at $1.2 million each. This reduces the total cost for fiscal year 1994 from $9.5 million to $8.4 million. The $1.1 million in remaining fiscal year 1994 funds has been offset by an equal reduction from the fiscal year 1995 budget request.

HAC, p. 47

HAVE GAZE

The Committee has provided an increase of $8,000,000 in RDT&E, Air Force to continue development of the HAVE GAZE program.

HAC, p. 48

DEFENSE AIRBORNE RECONNAISSANCE PROGRAM

Management. The Committee is encouraged by DOD's efforts to coordinate the development and fielding of tactical airborne reconnaissance systems by establishing the Defense Airborne Reconnaissance Office (DARO). However, the criteria used for determining which airborne reconnaissance systems should be managed by the DARO vice the services is unclear. The Committee believes that the development and fielding for all "joint" tactical reconnaissance systems should be under the direct management of the DARO. Therefore, the Committee directs that all funds for GUARDRAIL and Air Reconnaissance Low (ARL) aircraft are transferred to the Defense Airborne Reconnaissance Program (DARP). Furthermore, the Committee directs that the funds be maintained in their respective service accounts.

The Committee understands that the DARO is a new organization and going through growing pains; however, the management of DARP resources appears to be ad hoc. The Committee believes that the DARO has not adequately articulated its goals, objectives and priorities. DARO strategy does not focus on the capabilities and funding of existing sensors and platforms. The Committee is uncomfortable that programs funded in fiscal year 1994 were terminated without coordination with the Central Imagery Office and the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASDC3I) or notification to the Congress. The Committee directs that the DARO submit by August 1, 1994, the justification and impact of all fiscal year 1994 initiatives that were terminated by the DARO. The Committee directs DARP projects may not be terminated without the written approval of the ASDC3I. The Committee notes that some of the cancelled initiatives were items of Congressional interest.

The Committee is extremely frustrated at the DARO's inability to provide detailed budget information. Therefore, the Committee directs the DARO to provide a detailed break out of platforms, sensors, ground processing systems and datalinks funded in the fiscal year 1995 submission by August 1, 1994.

The Committee intends to continue vigorous oversight over the DARP budget. One of the chief concerns is the DARO's ability to transfer funds between the various DARP projects. To ensure that the movement of funds between DARP projects is in accordance with Congressional intent, the DARO is directed to obtain prior written approval of the Committee on Appropriations of the House and Senate for all transfers exceeding $2,000,000. This restriction also applies to all program and project terminations.

Air Reconnaissance Low (ARL): As stated earlier, the Committee directs that all funds are transferred to the DARO. In fiscal year 1991, Congress directed DOD to procure nine ARL aircraft. It is the Committee's understanding that funds are programmed to procure only six aircraft. The Committee directs the DARO to submit with the fiscal year 1996 budget submission an acquisition and implementation plan for the nine ARL aircraft.

Last year the Congress endorsed a plan for a Unified SIGINT system. It is the Committee's understanding that the SIGINT system for the ARL platform is unique and is not integrated with the DOD plan. The Committee directs that no funds may be obligated for the integration of a SIGINT system on the ARL platform until the DARO submits a cost/benefit analysis of the planned system for ARL and rationale for using a service unique vice DOD system.

Moving Target Indicator (MTI). CINC U.S. Forces Korea has a requirement for daily Indications and Warning (I&W) coverage. Currently, I&W coverage, is provided by the MOHAWK aircraft. As mandated by Congress, the aging and expensive MOHAWK fleet will be retired by fiscal year 1996. The Army is complying with Congressional direction; however, the Army has not programmed funds for a replacement of the MOHAWK. DOD has requested funds for the Joint Surveillance Target Attack Radar System (JSTARS); however, JSTARS full production will not occur until after fiscal year 1998. Furthermore, JSTARS is a go-to-war system. JSTARS was not developed to provide daily tactical I&W.

The Committee is concerned that the readiness of U.S. Forces Korea will be hampered by the lack of a daily I&W capability. The Committee understands that there are three GUARDRAIL aircraft in Army inventory that could be integrated with an off-the-shelf MTI sensor. Ground processing and maintenance equipment for the GUARDRAIL platform is already in Korea. As addressed in the Korean Readiness Enhancement Account, the Committee recommends an increase of $15,000,000 to the DARP to integrate an off-the-shelf MTI sensor on an existing platform. By August 1, 1994 the Committee directs that the DARO submit a plan for implementing a MTI capability in Korea for fiscal year 1995. This plan should include a cost and capability comparison of various platforms and sensors. The plan should also include ground processing requirements and maintenance costs.

Committee Funding Recommendations. DOD requested $528,290,000 research, development, test and evaluation funds for the DARP. The Committee recommends $609,290,000, an increase of $81,000,000. The funds are only for the following programs: $3,000,000 for the Remotely Operated Sensor System (ROSS), $8,000,000 for Electro-Optical (E/O) framing sensor development, $20,000,000 for the Medium Altitude Endurance Unmanned Aerial Vehicle (Tier II), and $50,000,000 for the Low Observable-High Altitude Endurance Unmanned Aerial Vehicle (Tier III Minus) Details for each program follow.

-The Remotely Operated Sensor System (ROSS) will provide close range target detection, battle damage assessment of obscure fixed targets, and the acquisition of moving targets.

-The Committee recognizes the need for tactical imagery and fully supports the DARO's $7,000,000 budget request for the continued development of E/O framing sensors. The Committee recommends an increase of $8,000,000 to accelerate the development of an E/O framing sensor with on-chip image-motion compensation and infrared/multispectral capabilities.

-The Committee endorses Advanced Concepts Technology Demonstrations (ACTD) for Unmanned Aerial Vehicles (UAV). The Committee fully supports the Medium Altitude Endurance UAV (Tier II) and recommends an increase of $20,000,000 to the program only for delivery, demonstration, employment and operations experimentation of ten additional ACTD Tier II vehicles and two ground control stations. The UAV's shall have a mix of off-the-shelf signals intelligence (SIGINT) and laser ranger-designator adjuncts to the E/O-IR sensors and shall be made ready for deployment and operations experimentation in 1995-1996.

-Despite DOD's commitment to the Low Observable-High Altitude Endurance UAV (TIER III Minus) program, the program was not fully funded in the fiscal year 1995 request. Therefore, the Committee recommends an increase of $50,000,000 for Tier III Minus program. Furthermore, the Committee directs that no funds may be awarded for the High Altitude Endurance UAV (Tier II Plus) until the Tier III Minus contract is awarded.

HAC, p. 48-50

AIR FORCE TENCAP PROGRAMS

The Air Force has requested $21,183,000 for Air Force TENCAP programs. The Committee recommends $13,402,000, a decrease of $7,781,000. The Committee notes that the Air Force TENCAP program has and continues to increase substantially since fiscal year 1994. The Committee directs the Department of the Air Force to submit a detailed plan for the fiscal year 1995 request by August 1, 1994.

HAC, p. 52

STU III CONVERSION PROGRAM

The Committee applauds the coordinated efforts of NSA, the Services, and the Office of the Assistant Secretary of Defense for C3I that have led to an executable plan for implementing secure communications throughout DOD. The Services have budgeted for STE equipment; however, the Committee notes that of the 320,000 STU III in use, 160,000 are older models with poor voice transmission, a slow 2.4 Kbps data rate, and on Secure Access Control System capability. It is the Committee's understanding that full production of STE equipment is at least 5 years away and wide scale distribution will be after the turn of the century. The Committee recommends an increase of $4,000,000 only for a short term upgrade of 2.4 STU III units. The additional funds are provided to the service operations and maintenance accounts. Funds are allocated as follows: $2,000,000, Army; $1,000,000, Navy; and $1,000,000, Air Force.

HAC, p. 52

INTELLIGENCE SUPPORT FOR DRUG INTERDICTION

The Committee recognizes the importance and functions of the El Paso Intelligence Center (EPIC) of the Drug Enforcement Administration and does not intend for any DOD program to duplicate or conflict with EPIC in any way.

INFORMATION TECHNOLOGY SYSTEMS

The Defense Department requested a total of $9,782,249,000 for information technology systems. The Committee recommends $9,519,568,000, a reduction of $262,681,000. The table below provides the Committee's specific recommendations:

[In thousands of dollars]

Item	Amount
Operation and Maintenance, Army:	
Sustaining Base Information System	-23,899
Standard Theater Army C2 System, 1994 level due to fiscal constraints	-14,399
Military Entrance Processing Command Integrated Resource System, 1994 level due to utilization of SBIS contract	-5,675
Personnel Enterprise System, 1994 level and defer new start for records management system	-4,966
General reduction, per House Armed Services Committee	-89,804
Keyboard Proficiency	+5,000
Total	-133,743
Operation and Maintenance, Army Reserve:	
Personnel Electronic Records Management System	-3,000
General reduction, other than RCAS	-7,000
Total	-10,000
Operation and Maintenance, Army National Guard:	
Reserve Component Automation System	-3,000
Distance learning	+7,500
Total	+4,500
Other Procurement, Army:	

Information Systems, general reduction due to poor budget execution	-11,000
STAMIS Tactical Computers, general reduction due to poor budget execution	-21,850
ADP Equipment	-56,032
Sustaining Base Information System	(-35,254)
General reduction, poor budget execution	(-15,000)
Strategic Logistics System, TPN-DDN interfaces purchased by DISA instead of Army	-(2,800)
Personnel Electronic Records Management System	-(2,978)
Reserve, Component Automation System	+66,900
Total	-21,982
Operation and Maintenance, Navy:	
Electronic Military Personnel Records System	-11,229
Excessive budget growth	-36,000
General reduction, per House Armed Services Committee	-91,514
Keyboard proficiency	+5,000
Total	-133,743
Operation and Maintenance, Navy Reserve:	
Naval Reserve Information Technology Modernization	+3,000
Other Procurement, Navy:	
Computer Acquisition Program (EMPRS)	-31,800
Operation and Maintenance, Air Force:	
Local area network management, audit findings	-33,529
CAMS/REMIS	+5,000
TICARRS	+15,000
Automated Record Management System	-1,471
Keyboard proficiency	+5,000
Total	-10,000
Other Procurement, Air Force:	
Automatic Data Processing Equipment, AFC2S cancelled by the Air Force	-4,189
Operation and Maintenance, Defensewide:	
General reduction, per House Armed Services Committee	-50,000
DISA Sustaining Base Information System	-1,924
Transfer Ada Joint Project Office to RDT&E	-10,800
JEDMICS, revised DOD fielding plan	-13,500
Total	-76,224
Procurement, Defensewide:	

JEDMICS, revised DOD fielding plan	-13,500
Naval Reserve Information Technology Modernization	+10,000
Automated Document Conversion	+30,000
Subtotal, Major Equipment OSD/WHS	+26,500
High Performance Computer Modernization, transfer from RDT&E	+130,000
Automated Information System Equipment, general reduction per House Armed Services Committee	-5,000
Total	+151,000
Grand Total	-262,681

CORPORATE INFORMATION MANAGEMENT

The Committee commends the Department for the encouraging progress made in the area of information management and technology over the past year. The Secretary of Defense's direction to accelerate selection and implementation of migration systems, data standardization and business process improvement has been instrumental to Corporate Information Management progress. Such endorsement and direction by the Secretary of Defense is welcomed by this Committee. The leadership and actions undertaken by the Principal Staff Assistants to fulfill the Secretary's direction are commendable. Much remains to be done in this highly visible area.

Technical initiatives over the past year have shown great promise. The Committee is particularly pleased with the strong Departmental support provided for the Ada programming language and with related activities such as the Ada Dual-Use Program Plan. The emphasis on the acquisition of widely-used, commercial off-the-shelf (COTS) software is appropriate. Whenever COTS software is not available, the Department must improve its policy enforcement on the mandatory use of the Ada programming language for all new code to be written for new and modernized systems. The report on the Software Reuse Initiative is another major step for improving software quality concurrent with reducing costs. Other important technical initiatives include the Technical Architecture Framework for Information Management, the Software Process Assessment program, the use of Computer Assisted Software Engineering tools, information technology standards, software licenses and fee-for-service, to name a few. The Department should continue to place emphasis on these areas to achieve major improvements, economies and efficiencies in the overall use of information technology.

The goals of the Defense Information Infrastructure (DII) are laudable. The Department should continue to seek improvements in the efficiency and quality of the infrastructure where costs and benefits can be estimated with some confidence and indicate mission or economic improvements. The open and collaborative approach being taken by General Services Administration and the Department on FTS 2000 is refreshing. The Defense Information System Network (DISN) and the Defense Messaging System (DMS) must be carefully managed and security measures strongly endorsed. The advances made possible through Electronic Commerce and Electronic Data Interchange (EC/EDI), recently notable in the area of procurement, will require an accessible, flexible, cost-effective but secure DII. The Committee has long advocated reducing the cost of information services and it supports the Department's progress and plans in reducing the number of data processing installations via the megacenter concept as qualified in the General Provisions paragraph later in this section.

GENERAL REDUCTIONS

The Committee has included some of the general reductions recommended by the House Armed Services Committee in the Operation and Maintenance section of its 1995 report. In those instances where such reductions are recommended, the Committee directs that savings be achieved through improved management in any area and not necessarily be limited to reductions only in information systems modernization. In addition, since approximately one third of the Defense Department's information technology budget is funded in the Defense Business Operations fund, DBOF programs should contribute a proportionately fair share when the Department applies these general reductions. The Committee does not agree to a general reduction to the Air Force since it is the only service whose budget declined significantly from fiscal year 1994 to 1995. The Committee does not agree to a general reduction of the magnitude proposed by the House Armed Services Committee to the Defensewide account since many of the Department's initiatives to improve financial and business practices are funded in that account.

KEYBOARD PROFICIENCY

A January 1994 Air Force audit makes the observation that there are over 288,000 personal computers in the Air Force alone, yet only personnel whose job description specifically requires keyboard training receive such training. The implication is that through simple training techniques applied to a broader population within the Services, a significant productivity gain might be achieved. The Committee recommends a total of $15,000,000 in the three Service operation and maintenance accounts to provide such training to all employees who might need it.

AUTOMATED DOCUMENT CONVERSION

The Committee is concerned with the proliferation of automatic document conversion systems in the Defense Department. In the personnel function alone, each Service has its own unique records management system underway at significant cost with little or no coordination with the other services: Army has the Personnel Electronics Management System for the Reserve Forces and the Personnel Enterprise System for the active Army, Navy has the Electronic Military Personnel Records Management System, and Air Force has the Automated Record Management System. This is a good example of where the Department's highly touted Corporate Information Management initiative is not working as well as it should, primarily because the functional proponent for personnel systems in the Office of the Secretary of Defense has apparently failed to act. The Committee recommends that the requests for funds for these systems be denied because they do not conform to section 8021 of the bill, which was also enacted into law last year and apparently had no effect on these uncoordinated and wasteful acquisitions. The Committee also finds it hard to believe that there is no alternative to the Navy other than sole-sourcing its EMPRS system which is large part based on commercial, off-the-shelf technology.

The Committee is gratified that the logistics community within the Office of the Secretary of Defense has endorsed the Congressionally directed Automated Document Conversion System and wishes to now integrate its technology into the Joint Engineering Data Management and Information Control System. DOD currently has hundreds of thousands of drawings and hybrid documents relating to weapon systems in its archives. There is a constant and current requirement to utilize many of these documents for weapon system upgrades as well as to develop new systems. Currently, before such documents can be utilized on computer aided design, many hours of human intervention are required after machine scanning of documents to put them into a "vector" format which then can be manipulated on a CAD system. Manual conversion costs hundreds of millions of dollars a year. The Automated Document Conversion System, which was initiated by the Committee in its fiscal year 1994 bill, directly addresses this problem by eliminating the need for further human intervention once documents are scanned. The Committee recommends an additional $30,000,000 in the Procurement, Defensewide appropriation to purchase additional ADCS equipment once initial testing of the system has been completed. The Committee wonders, however, why the JEDMICS acquisition strategy

and its predecessors (EDMICS, DESREDS, EDCARS) did not allow for the integration of modern technology into this multi-hundred million dollar system in the first place.

The Committee is concerned that the personnel community within the Defense Department is making the same mistake that the logistics community wants to now rectify in its automated document conversion program: namely, the need to digitally organize the information once it is scanned. This is another reason not to proceed further with the individual service personnel document conversion systems. Once the Department identifies a "best-of-breed" for its personnel records management system, it should seek to ensure that sufficient technology is included in the system acquisition so that the information that is scanned can be digitally manipulated in an optimum way.

An even larger problem is the proliferation of the technology outside the logistics and personnel communities, which at least apparently can identify when such duplication occurs. The Committee is aware that the Defense Information Systems Agency is soliciting a document imaging system with fiscal year 1994 funds. The Committee recommends that this acquisition not proceed until the Defense Department has complied with section 8114 of this bill. Section 8114, a new general provision, requires the Defense Department to formulate a master plan for automated document conversion systems. The plan should encompass all automated document technology within the Defense Department, to include purchase of equipment, procurement of services, development of technologies, or development of information systems.

HAC, p. 52-56

AIR FORCE AUTOMATED MAINTENANCE SYSTEMS

This Committee has, for several years, endeavored to motivate the Air Force to improve its automated maintenance management systems. Last year the Congress directed that TICARRS-92 be implemented prior to the end of FY94. While the Air Force has notified the Appropriations Committees of its inability to accomplish this direction, the Committee is pleased with the good-faith effort made by the Air Force. Nevertheless, the net result has been the lack of progress in providing more accurate maintenance data and in reducing the data entry burden of flightline personnel. In revisiting this matter, the Committee reviewed the Institute for Defense Analysis report, A Comparison of Air Force Data Systems, dated August 1993. This report reaffirmed this Committee's concern that action needs to be taken by the Air Force to enhance and evolve its current maintenance management information system. The Report further states, however, that neither TICARRS nor CAMS/REMIS represents the ultimate solution. Rather, the Integrated Maintenance Information System (IMIS) project at Armstrong Laboratory evolved to an open systems architecture appears to offer the greatest potential to improve efficiency of maintenance information systems and support modern on board diagnostics and interactive technical information.

The Committee, therefore, directs that the Air Force demonstrate this concept at one base/wing each for TICARRS and CAMS/REMIS, preferably on the same type aircraft (e.g., F-16), in FY95. The proof-of-concept shall evaluate current systems baselines, evaluate improved business processes, and demonstrate the migration from a closed system architecture to a standards-based, open systems architecture. The migration plan from TICARRS/CAMS/REMIS to IMIS shall be congruent with the Air Force plans for Base Level Systems Modernization and shall demonstrate compatibility with JCALS. Pending implementation of the migration plan and replacement of TICARRS/CAMS/REMIS, these systems shall be maintained at a level of sufficiency to assure that aircraft readiness is not compromised. Accordingly, the Committee appropriates $15,000,000 for continued support of TICARRS, $5,000,000 for improvements and corrections to REMIS, and an additional $8,500,000 on the RDT&E account to conduct the proof-of-concept demonstrations.

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

LOCAL AREA NETWORKS

A December, 1993 Air Force audit discusses problems with the management of local area networks. In anticipation of management improvements in this area, the Committee recommends a reduction of $33,529,000.

HAC, p. 60-61

TITLE II
OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE OVERVIEW

The Committee fully agrees with the Defense Department that maintaining the readiness of the armed forces must be a top priority. The downsizing of the force structure and downward trend of DOD's annual budgets are showing signs of a "hollow force." The Committee is concerned that readiness is at risk.

The operation and maintenance (O&M) appropriation, often referred to as the readiness account, provides those funds to train the troops and maintain their equipment. A significant amount of O&M also goes to maintain the infrastructure of military installations worldwide. Additionally, O&M funds support programs to maintain a quality of life for military personnel and their families.

The Committee fully funded the Services' OPTEMPOs. However, the Committee notes that there are significant shortfalls in the Service's readiness accounts. The depot maintenance backlog is over $2,200,000,000; the real property maintenance backlog is over $12,000,000,000; and there are shortages of spares and war reserve stocks. The Committee is also aware that the Services have curtailed training or eliminated certain aspects of unit training and major joint exercises. For example, the Army has eliminated a number of battalion-sized training events and the Air Force has significantly cut funding for advanced combat exercises such "Red Flag", "Green Flag" and "Maple Flag" because of lack of funds.

The Committee recommends an additional $400,000,000 to fund shortfalls in unit training, flying hours, war reserve spare parts, and training support. Depot maintenance funding is increased by $607,000,000, reducing the backlog by 25%. The Committee has added $517,000,000 for real property maintenance to repair barracks, dormitories, armories and Reserve centers. An additional $530 million is also provided for a pay raise and locality pay for civilian personnel.

The Committee notes that the Department continues to support large overhead functions. The Committee expects the Department to consolidate, streamline and eliminate major commands, major subordinate commands and field operating agencies. Services supporting management and administrative functions, such as automated data processing and consultants and advisory contracts, must be cut back. Large and unnecessary overhead functions take away valuable resources that can go to support the troops in the field. With this in mind, the Committee reduced funding that support overhead functions.

HAC, p. 72-73

DEPOT MAINTENANCE

Funding Levels. As mentioned earlier, the Committee has recommended an increase over the request of $600 million for depot maintenance. Despite the Committee's having added over $320 million to depot maintenance requests over the past two years, the unfunded backlog of depot maintenance requirements

has doubled over that same timeframe. By deferring necessary maintenance to achieve near-term savings the DoD is only preordaining even larger maintenance bills in the future and increasing the probability the forces in the field will not have the equipment they need when they need it. The Committee views this as a direct threat to readiness. This is especially true today given the high tempo of operations, which increases the need for scheduled and unscheduled maintenance to maintain acceptable mission-capable rates without resorting to cannibalization or other work-arounds-which experiences of the 1970's revealed were ultimately self-defeating. The Committee finds these trends intolerable and directs the Department, during development of the fiscal year 1996 Future Years Defense Plan, to apportion sufficient funding to the depot maintenance accounts so as to avoid any further increases in depot backlog.

In addition, the Committee designates depot maintenance as a special interest item, thereby preventing the transfer of funds to other activities without Committee approval through the reprogramming process. The Committee recognizes the continuing costs, pace and scope of unbudgeted contingency operations, such as those near the former Yugoslavia, have forced the Department to severely reduce appropriated levels of funds for a host of readiness-related areas, not just depot maintenance but also OPTEMPO, base operations, training, and real property maintenance. The Committee believes the practice of raiding these accounts to support contingency operations has become all too commonplace and must stop. The Committee has added funding in this bill for these areas in order to redress growing readiness problems and does not intend these funds be freely diverted to support contingency operations. These should either be supported by a supplemental funding request or, in the case of a longstanding operation (such as continued operations around Iraq), through inclusion in the annual budget submission.

Public versus Private Depot Maintenance. DoD is reassessing which portion of its depot maintenance workload should be performed in public depots and by private industry, and how this workload is to be apportioned. While the DoD's position is still evolving, the Committee is concerned that the policy is more focused towards providing work to the private sector than recommending a maintenance strategy, involving both public and private sectors, which meets operational requirements in the most cost-effective manner.

DoD is currently redefining those maintenance capabilities-called "core"-needed to meet the readiness and sustainability requirements of those weapons systems supporting contingency operations. The Committee believes the core definition should not only encompass these capabilities but also provide a robust surge capacity and a quick reaction systems fabrication and modification capability. The latter currently exists in organic depots and proved its worth during Desert Storm through assuring operational commanders ready and time-urgent access to the most modern, capable systems without being forced to rely upon the vagaries of contracting with the private sector.

The DoD has recommended core depot maintenance capabilities be retained in the services' organic depots. It is also actively considering directing all remaining workload to the private sector-a step which completely ignores any question of cost-effectiveness and depends on a core definition which could be highly arbitrary in its application. The Committee does not support giving the private sector workload currently performed by organic depots in the absence of any data suggesting it will save money or without competition from depots.

The Committee directs the Department to report back on its new "core" definition by January 15, 1995, addressing these concerns as well as describing the overall depot maintenance workloading strategy, and detailing by service what constitutes core, how that differs from the 1993 definition of core, and how core complies with statutory guidance regarding the organic/private sector share of depot maintenance.

A related issue involves competition for depot maintenance workloads. Until recently, the DoD competed selected workloads between service facilities and private industry ("public-private competition") and among defense depots ("public-public competition"). Recent guidance from the Deputy Secretary of Defense has suspended all such competitions, based on a belief that differences between public and private bids, and public versus public bids involving different services, cannot be reconciled sufficiently to warrant continuing such competitions at present.

Concerning public-private competitions, the GAO reports that DoD has made considerable progress in making these competitions fair and endorses continued public-private competition as a means to reduce depot maintenance costs. The Committee shares the GAO position and believes DoD should continue such competitions as a means of cutting costs and maintaining competitive pressure on its depot maintenance suppliers. Since DoD policy in this

regard appears fluid, the Committee directs the Department to reconsider public-private competitions and to report back to the Committee should such competitions be reinstituted or by January 15, 1995, on its policy regarding such competitions.

Regarding public-private competitions, while the Committee believes they too have resulted in savings, DoD has proposed replacing them with interservicing workloads to Centers of Excellence. The Committee strongly supports interservicing (see below) and therefore endorses this decision.

Interservicing. The Committee has been a longstanding proponent of efforts to streamline and economize depot maintenance activities through the use of interservicing. The Committee is gratified that emerging policy from the DoD, most recently stated in a May 4, 1994 directive from the Deputy Secretary of Defense, appears to endorse greater use of interservicing. The Committee also agrees with the Deputy Secretary's position that decisions regarding organic depot maintenance, referred to as "core," be dealt with on a Department-wide basis rather than service-specific. Such designation, endorsed by the Chairman, Joint Chiefs of Staff last year as well as the GAO, is essential in order to fully pursue interservicing opportunities.

Nonetheless, there has yet to be a specific plan or program of interservicing developed by DoD. The Committee continues to believe this must be pursued aggressively and that cost-effective interservicing opportunities should be implemented as soon as is feasible. In order to monitor the Department's progress in this area, the Committee therefore repeats its directives from last year regarding the development of an interservicing process, the commodity areas to be considered, and the goals to be pursued. The Committee directs the Secretary of Defense to report back to the Committee by March 15, 1995, on the steps he has taken to further implement this guidance. In addition to the items cited last year, this report shall include details regarding the decisionmaking process used to reach interservicing decisions, the rationale supporting each specific interservicing proposal, and the schedule and means of implementation.

DD Form 1414, Base for Reprogramming. Depot maintenance shall be identified as a special interest item in the DD Form 1414, Base for Reprogramming. The Committee recommends the following depot maintenance funding levels for DD 1414, Base for Reprogramming.

Army	$1,337,300,000
Navy	3,884,200,000
Marine Corps	178,000,000
Air Force	1,537,000,000
Army Reserve	91,000,000
Navy Reserve	153,800,000
Marine Corps Reserve	2,800,000
Air Force Reserve	200,700,000
Army National Guard	113,500,000
Air National Guard	340,600,000

Defense Commercialization Activities. The House-passed National Defense Authorization bill for fiscal year 1995 contains two new provisions (Sections 329 and 1057) granting authority for DoD depot maintenance and industrially-funded activities to sell non-defense commercial goods and services to customers outside of the DoD or the Federal government. Implementation of these provisions would constitute a major policy change. DoD activities have had only limited involvement in private sector sales, principally at one Army Arsenal, and then almost exclusively as a DoD initiative where the end product ultimately returns to or supports the Department and is justified for national security reasons. The authorization provisions would change this by providing relatively broad grants of authority for over two dozen DoD facilities to enter into direct competition with the private sector for sales of non-defense commercial goods and services.

These provisions would complicate both the Department's currentfinancial management operations and the ongoing base closure andrealignment process. With respect to the former, the Committee isconcerned there will not be adequate oversight and control over thefunds required by Defense facilities to execute commercial contracts,or the revenues derived from commercial sales. Commercial activitieswill obscure the actual costs of defense activities at facilities inquestion, thereby making efforts to streamline operations moredifficult and defeating the purpose of many ongoing managementefforts, such as the Defense Business Operations Fund. Otherquestions include whether proceeds from commercial sales are subjectto taxation and whether and how Federal employees performingcommercial work are to be paid or insured against liabilities orpersonal injury. The Committee believes allowing Defense facilitiesto enter the commercial marketplace with little oversight oreffective, well-understood financial controls and regulations wouldneedlessly complicate efforts to reform DoD's already-troubledfinancial management system.

The Committee is also concerned over the impact of thislegislation in terms of complicating the base closure and realignmentprocess. These new provisions will undoubtedly prompt depots and other industrially-funded activities to actively pursue non-defensecommercial work as a means to remain more viable in an era of baseclosings. Unless appropriately governed, this could create a perverseset of incentives with Defense activities motivated to become non-defense commercial entities, and Defense military and civilian employees private sector entrepreneurs, in an effort to avoid potential base closure or realignment. This has nothing to do with, and indeed detracts from, the performance of the military mission which is the reason for these facilities' existence and upon which base closure decisions are supposed to be based.

The Committee realizes that commercial, non-defense work, if appropriately managed, could provide a means to more fully utilize defense facilities. In addition, the Committee recognizes that under the current base closure process there are only limited opportunities for any defense activity selected for closure to begin a significant transition to commercial use before the base closure is complete. In this regard, if targeted to activities selected for closure and implemented so as not to delay closure actions, the provisions included in the House-passed Defense Authorization could provide a means to more quickly convert these activities to productive use.

Nevertheless, given the numerous policy and implementation issues involved, the Committee believes it is imprudent at this time to provide broad grants of authority for DoD facilities to enter into commercial sales and partnerships with industry for non-defense purposes without stronger financial oversight and limitations on potential commercial activities, without insulation of the base closure process from the effects of such legislation, and finally, without appropriate review by either the DoD or the committees of jurisdiction. The Department is directed to ensure that the authority in these provisions is excluded from consideration in the base closure and realignment decision process. The Committee believes this subject deserves additional attention and therefore directs the Secretary of Defense to review these provisions as well as the concerns cited by the Committee, and to report back to the Committee by April 30, 1995 with recommendations regarding future policy in this area.

HAC, p. 74-78

OPERATION AND MAINTENANCE, AIR FORCE

PLANT NO. 3, TULSA

The Committee directs the Air Force to make the necessary modifications to Air Force Plant No. 3, in Tulsa, Oklahoma.

TITAN IV TRANSFER

As discussed elsewhere in this report under Space and Related Programs, $32,000,000 is being transferred from O&M, Air Force for Titan IV launch activities.

AIR FORCE SATELLITE CONTROL NETWORK

As discussed elsewhere in this report under Space and Related Programs, $144,719,000 has been deleted from modernization of the Air Force Satellite Control Network.

CIVIL AIR PATROL (CAP)

The Committee has provided additional funds to fully fund the mission of the Civil Air Patrol. Additionally, a general provision is included in the bill that provides the funding level to operate the CAP.

The following table shows the breakout of funds to support the CAP:

[In thousands of dollars]

	Fiscal year 1995 request	Recommended	Difference
CAP-USAF:			
Military personnel	7,759	7,759	
Mission support (O&M)	3,701	3,701	
CAP Operations:			
SAR/DR	2,180	2,180	
Vehicle/equipment maint	400	400	
A/C maint	1,391	1,391	
Uniforms	260	260	
Cadet exchange	250	250	
CAP staffing reorganization	0	+3,800	+3,800
Subtotal O&M	4,481	8,281	+3,800
Aircraft	1,144	1,144	
Vehicles	787	787	
Communications	293	293	
Subtotal procurement	2,224	2,224	

Counter-narcotics	2,600	2,600	
CAP-USAF	11,460	11,460	
CAP-operations	9,305	13,105	+3,800
Total	20,765	24,565	+3,800

B-26 AIRCRAFT

The Committee directs the Secretary of the Air Force to transfer all rights, title, and interest of the Air Force in a WWII/Korean conflict B-26 aircraft, tail number 435733, to the Louisiana National Guard.

INTELLIGENCE PROGRAMS

Adjustments concerning intelligence programs are discussed in the classified report which accompanies this report.

HAC, p. 93 (O&M)

FORMER SOVIET UNION THREAT REDUCTION

Fiscal year 1994 appropriation	$400,000,000
Fiscal year 1995 budget request	400,000,000
Committee recommendation	0
Change	-400,000,000

FY95 HAC PAGE 113

BUDGET REQUEST

In the fiscal year 1992 supplemental appropriations act, the Congress provided $400 million in transfer authority for costs associated with the destruction of weapons of mass destruction of the former Soviet Union. In fiscal year 1993, the Congress extended this authority for an additional year and added an additional transfer authority of $400 million. In fiscal year 1994, the Congress provided $400 million in direct appropriations and extended for an additional year the $400 million in transfer authority provided in fiscal year 1993. In fiscal year 1995, DOD has requested an additional $400 million in direct appropriations and an additional $215 million in transfer authority.

Despite the fact that a total of $1.2 billion in transfer authority and direct appropriations have been provided through fiscal year 1994, as of June 1, total obligations have only reached $222 million. If the fiscal year 1995 request for another $615 million in transfer authority and direct appropriations is granted, a total of $1.815 billion in authority will have been provided. However, at the end of fiscal year 1995, the total program obligations are only projected to be $847

million. The Committee strongly supports the intent of this program but has not provided either the transfer authority or the direct appropriations requested in fiscal year 1995 due to a lack of financial requirement.

The Committee is concerned that the Department is not complying with specific guidance provided by this Committee as a part of the enactment of the fiscal year 1994 appropriation. For example, the DOD was directed to work with the National Academy of Sciences because of its existing technology and linguistic expertise and its ongoing contacts in the states of the former Soviet Union. However, DOD has chosen to ignore this direction and is in the process of setting up duplicate organizations that have no proven track record. In addition, the Committee believes that DOD has expanded the program beyond the important and narrowly focused elimination or weapons of mass destruction that was the original intent of the program. While DOD was provided appropriations authority to make grants, no funds were appropriated to give to third parties who would independently award grants that the U.S. government had no control over. Finally, the Committee questions the requirement for continued financing of the operations of the International Science and Technology Centers by DOD since it would appear more properly to be the funding responsibility of the National Science Foundation.

INSPECTION COSTS OF THE STATES OF THE FORMER USSR

DOD has requested authority to reimburse certain states of the former USSR for expenses related to the Treaty on the Elimination of Intermediate-Range and Shorter-Range Missiles, and the Treaty on the Reduction and Limitation of Strategic Offensive Arms. Under the terms of the original treaties, the U.S. has no responsibility for incurring such costs. To the extent that subsidies are required by the states of the former Soviet Union, funding should be requested in the appropriate foreign assistance act. The requested provision has not been included in this bill.

PROJECT JEDI

Project JEDI is a Joint Economic Development Initiative between several technology and defense establishments in the former Soviet Union and several organizations in the United States. The Committee requests that the Secretary of Defense review the JEDI program for eligibility for funding within the fiscal year 1994 funds already appropriated.

HAC, p. 113-114 (O&M)

TITLE III
PROCUREMENT
ESTIMATES AND APPROPRIATION SUMMARY

The fiscal year 1995 Department of Defense procurement budget totals $42,698,919,000. The accompanying bill recommends $43,018,433,000 in new budget authority. The total amount recommended is an increase of $319,514,000 above the fiscal year 1995 budget estimate, and is $1,644,645,000 below the total provided for fiscal year 1994. The Committee recommendation includes $796,200,000 for National Guard and Reserve Equipment, all of which was unbudgeted. The table below summarizes the budget estimates and the Committee's recommendations: (Table deleted).

HAC, p. 115

MUNITIONS INDUSTRIAL BASE
THE SITUATION

In last year's report, the Committee noted its concern about the deteriorating industrial base for the development and manufacture of munitions. The Committee identified the challenges in rationalizing the downsizing of the industrial base and requested the Office of the Secretary of Defense to prepare a plan to address this situation. The Department's response, while not a plan, was nonetheless useful in understanding the industrial base situation. Numerous studies and analyses have come to the same conclusion: there is a munitions industrial base problem and it needs to be fixed. The most noteworthy of these efforts include the following:

Army Conventional Ammunition Functional Area Analysis.-Early this year, the Army completed a "Functional Area Analysis" (FAA) of conventional ammunition. This effort resulted in part from an earlier Army Material Command survey of the Army industrial base which found ammunition to be the weakest sector. Unlike other industrial base sectors, there were no indications that the situation for ammunition would improve. The FAA was a "soup to nuts" treatment of the issue, looking at requirements, stockpile, management and industrial base. The FAA identified shortfalls in replenishment capability, modernization, training ammunition drawdowns, and the industrial base generally. The Committee views the FAA as the most comprehensive analysis of the ammunition industrial base in years and an essential tool for future munitions planning. The Army is commended for the comprehensive nature of the FAA and for its reasoned approach to the host of issues associated with conventional ammunition.

Department of Defense Report to Congress on the Munitions Industrial Base.-On April 29, the Office of the Secretary of Defense submitted its response to the Committee's direction of last year. While the report concluded that the conventional munitions industrial base was being reduced in a rational manner through the Army's AMMO FAST 21 Strategy, it also agreed with the shortcomings identified in the Army's FAA. It specifically identified the artillery industrial base (to include prop charges) as a problem and expected this problem to be remedied in future budget submissions.

Munitions Industrial Base Task Force.-Last year, a representative cross-section of munitions manufacturers formed the Munitions Industrial Base Task Force to do a detailed analysis of the industry, identify weaknesses, and propose solutions. The work of this group has been invaluable to the Committee and others in understanding the present situation. In testimony before Congress this year, the Task Force president declared that "the munitions industrial base is in crisis".

COMMITTEE RECOMMENDATIONS

The Committee has considered these and many other reports, as well as Congressional testimony and other information. The Committee recommends a major initiative to begin to address the munitions industrial base in fiscal year 1995. The total additional funding recommended to implement this initiative is $400 million above the budget. The Committee believes that the recommended level is sustainable and will support a responsive industrial base. The committee expects the Department to maintain this funding level in future budgets. The initiative consists of the following elements:

1. Munition Procurement Funding. The Committee recommends an increase of $310.5 million above the budget for procurement of ammunition. These increases focus on inventory modernization and training.

Inventory Modernization.-The Army's FAA identified eighteen ammunition items needed for inventory modernization but found that only five of them were scheduled to be procured in future year budgets. The Committee's recommendations fund procurement of fourteen of these items. The remaining four items have experienced technical problems or are still in development.

Training.-The Army's FAA found that inventories of ammunition items that are used both for training and war reserve were being drawn down too low. In many instances, these inventories could not be replenished in time to satisfy wartime contingencies. As a result of this finding, the Army has changed its policy on such drawdowns and proposed to implement the new policy in fiscal year 1996. The Committee's recommendations will help implement this change in fiscal year 1995.

2. Demilitarization. The current inventory of obsolete or unusable ammunition now stands at more than 400 million short tons and has been increasing significantly in recent years. With no program to dispose of these items, the backlog will increase to 600 million short tons by 1999. Maintenance of this stockpile consumes tens of millions of dollars each year, dollars that could be spent on other, productive purposes. In addition, this inventory occupies bunkers which are often needed to store other things.

The Committee commends the Department for increasing the ammunition demilitarization budget to $95 million in fiscal year 1995, a 36 percent increase over the $70 million funded last year. The Committee recommends funding of $110 million for this program and expects the Department to continue this level in future budget submissions. At this level of funding, the backlog will decrease to a sustainable level of about 100 million short tons early in the next century.

3. Layaway. Ammunition production facilities and equipment not needed for current productions but needed for future production must be carefully preserved. Ammunition production facilities and equipment unneeded both now and in the future need to be disposed. Funding shortfalls have prevented both of these activities from being carried out effectively. This results in needed equipment being allowed to deteriorate and unneeded equipment being unnecessarily kept on the books. The rational downsizing of the ammunition industrial base demands careful attention to proper care and preservation of needed facilities and expeditious disposal of unneeded facilities. Yet the budget for this activity decreases from $48 million in fiscal year 1994 to $27 million in 1995. The Committee recommends $86 million, an increase of $59 million.

4. Downsizing and Flexible Manufacturing. As the ammunition industrial base shrinks, it is often possible to reconfigure facilities and equipment so that producing at lower rates is economical and manufacturing different but similar items on the same line is easier. The Committee has supported projects of this nature in the past and continues to believe that they are wise investments. The Committee recommends $60 million for "Provision of Industrial Facilities", an increase of $16 million, to accelerate downsizing and flexible manufacturing activities.

5. Care and Maintenance. The Army's FAA identified shortfalls in operation and maintenance funding as a major problem in ammunition. This funding supports safety and security, receipt and issue, rewarehousing, inventory, surveillance, and similar activities. The current shortfall causes the Army to be unable to expeditiously process receipt and issue requests. The fiscal year 1995 budget for ammunition care and maintenance is $388 million, a level which, for the first time, is considered "fully funded". The Committee commends this budget request and recommends earmarking it in the Operation and Maintenance, Army appropriations so that it may not be diverted to other uses. The Committee expects the Army to fully fund this budget item in future submissions.

6. CAWCF Improvements. The Conventional Ammunition Working Capital Fund (CAWCF) was established in 1982 to improve and simplify the ammunition procurement process, reduce paperwork, and reduce ammunition costs. CAWCF is a revolving fund administered by the Army as the Single Manager for Conventional Ammunition. The Committee criticized the CAWCF in last year's report and directed its Surveys and Investigations Staff to make an independent evaluation of it. The Staff found that the accounting system now in use "does not provide a sound basis for establishing fund gains or losses nor

does it satisfy the management accounting needs of a multi-billion dollar operation." The process is subjective, decentralized, largely manual, and its accuracy is questionable.

In last year's report, the Committee directed the Army to report on how to shut down the Fund in an orderly manner and to offer suggestions, if it desired, on possible improvements to the Fund should it remain open. The Army's response offered no substantive changes and reflected a seeming lack of interest in making necessary corrections.

The Committee directs the Army to take steps now to close the CAWCF. No new orders are to be placed in the Fund during fiscal year 1995. The Army is directed to execute ammunition procurement with procedures used before the creation of the Fund. The Committee recognizes that this may create a cash shortfall in the Fund as current orders are dispursed. If such a shortfall materializes, it can be financed by surcharges already funded in the fiscal year 1995 ammunition budget.

7. ARMS Loan Guarantees. Congress funded the Armament Retooling and Manufacturing Support (ARMS) program in fiscal year 1993 with $200 million. The purpose of this program is to provide assistance to government-owned ammunition plant contractors in encouraging the use of their facilities for munition and non-ammunition manufacturing activities. Such assistance, in the form of planning, equipment reconfiguration and removal, environmental baseline studies, and regulatory waivers, help to retain skilled employment at these facilities as ammunition manufacturing requirements decline. The House recently authorized loan guarantees for the ARMS program. The Committee recommends bill language which will enable this authorization to be implemented using a portion of the previous appropriation.

8. Separate Appropriations. In the past, ammunition procurement for the Navy, Marine Corps, and the Air Force has been included as part of other procurement appropriations. This has often made it difficult to understand the total funding for ammunition procurement and has made it possible to divert ammunition procurement funds to other purposes without Congressional knowledge. The Committee recommends two new appropriations in the bill, Procurement of Ammunition, Navy and Marine Corps and Procurement of Ammunition, Air Force. Funds budgeted elsewhere, as amended by the Committee's recommendations, have been moved to these new accounts.

9. Reprogramming. The Committee restates its policy that ammunition appropriations shall not be reprogrammed to procure non-ammunition items. Furthermore, all Congressional increases in ammunition procurement funding are to be considered as items of special Congressional interest and identified as such on DoD Form 1414. No reprogramming of these items may be made without prior Congressional approval.

10. Future Budgets/Plan. The Committee directs that future ammunition procurement budgets sustain the initiatives begun this year by the Committee and be funded at levels at least as great as those in this bill. The Committee notes that both the Office of the Secretary of Defense and the Army have stated that they will address problems identified in their various studies in the fiscal year 1996 budget and POM.

The Committee further directs the Office of the Secretary of Defense to submit a detailed plan for preserving the munitions industrial base by January 30, 1995. The plan shall respond to last year's Committee direction to (1) identify the critical industrial elements (facilities, equipment, personnel, etc.), required for a viable base and then determine how cost-effectively to maintain them, and (2) identify unneeded elements of the base and determine how best to dispose of them. In addition, in order to rationalize the downsizing of the production base, the plan shall include an assessment of desired changes in law and regulations concerning competition and "breakout", the possible expanded use of the Group Technology Center concept to other ammunition component

manufacturing, and the possible revision of the "restricted base producer" designation to include specific ammunition end item component producers such as metal parts.

HAC, p. 117-120

NATIONAL FOREIGN INTELLIGENCE PROGRAM

The Committee's procurement recommendations concerning the National Foreign Intelligence Program are described in detail in the classified report which accompanies this report and under Title VII.

HAC, p. 120

SPACE AND RELATED PROGRAMS

The Committee's procurement recommendations concerning space and related programs are described in detail in the front section of this report.

COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE PROGRAMS

The Committee's procurement recommendations concerning command, control, communications and intelligence programs are described in detail in the front section of this report.

HAC, p. 121

ARMORED SEDANS

The budget included procurement funding for two armored sedans for the Air Force. The Committee recommends deferral of these purchases until questions concerning cost increases and a new procurement policy are answered.

HANDGUNS

The Committee recommends deletion of the general provision contained in appropriation bills for the last two years which limited handgun and handgun ammunition procurement to the Department of Defense standard 9mm variety. This action is taken because the three services have finally agreed to follow longstanding Committee direction for standardization. The Committee will reinstate this provision if the Department deviates from the standardization policy in the future.

HAC, p. 121-122

AIRCRAFT PROCUREMENT, AIR FORCE

Appropriations, 1994	$6,662,934,000
New obligational authority 1995:	
Estimate	6,747,599,000
Recommended	6,182,199,000
Decrease	565,400,000

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

This appropriation provides for the procurement of aircraft, and for modification of in-service aircraft to improve safety and enhance operational effectiveness. It also provides for initial spares and other support equipment to include aerospace ground equipment and industrial facilities. In addition, funds are provided for the procurement of flight training simulators to increase combat readiness and to provide for more economical training.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program in fiscal year 1995: (Table deleted).

HAC, p. 170

TACTICAL AIRCRAFT
TACTICAL AIRCRAFT MODERNIZATION

The Committee is concerned that there has been no comprehensive assessment, including the Bottom Up Review, of Air Force interdiction and multi-role aircraft which serve as a complement to the long range heavy bomber fleet. While robust modernization plans for the bomber and air superiority fleets proceed, the Department of Defense has yet to present a viable strategy to address future modernization requirements for its strike and multi-role aircraft forces. Accordingly the Committee directs the Secretary of Defense to provide a report on its modernization plans for the strike and multi-role tactical air force structure (i.e. F-111, F-117, F-15E, and F-16) by May 1, 1995. The report should address at a minimum:

1. The problems of near term F-16C/D and F-15E attrition shortfalls.
2. Modification plans to modernize the existing strike and multi-role fleets to maximize their combat effectiveness.
3. Plans to preserve the national capability to produce strike and multi-role fighter aircraft.
4. Alternatives if the JAST program fails to yield an affordable multi-role platform.

HAC, p. 175

MISSILE PROCUREMENT, AIR FORCE

Appropriations, 1994	$3,899,170,000
New obligational authority 1995:	
Estimate	[1]4,112,620,000
Recommended	2,758,285,000
Decrease	1,354,335,000

[1]Fiscal year 1995 request reduced by $279,553,000 and transferred to "Procurement of Ammunition, Air Force".

This appropriation provides for procurement, installation, and checkout of strategic ballistic and other missiles, modification of in-service missiles, and initial spares for missile systems. It also provides for operational space systems, boosters, payloads, drones, associated ground support equipment, non-recurring maintenance of industrial facilities, machine tool modernization, and special programs support.

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program in fiscal year 1995: (Table deleted).

HAC, p. 176-177

PROCUREMENT OF AMMUNITION, AIR FORCE

Appropriations, 1994	[1]$290,749,000
New obligational authority, 1995:	
Estimate	[2]279,553,000
Recommended	278,681,000
Decrease	872,000

[1]Appropriated in Other Procurement, Air Force.
[2]Budgeted in Weapons Procurement, Air Force.

This appropriation finances the acquisition of ammunition, modifications, spares, weapons, and other ammunition-related items for the Air Force.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program in fiscal year 1995: (Table deleted).

HAC, p. 181

OTHER PROCUREMENT, AIR FORCE

Appropriations, 1994	$7,637,250,000
New obligational authority, 1995:	
Estimate	7,078,253,000
Recommended	6,886,613,000
Decrease	191,640,000

This appropriation provides for the procurement of weapon systems and equipment other than aircraft and missiles. Included are vehicles, electronic and telecommunications systems for command and control of operational forces, and ground support equipment for weapons systems and supporting structure.

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program in fiscal year 1995: Table deleted).

HAC, p. 183

VEHICULAR EQUIPMENT
ARMORED SEDANS

The Air Force budgeted $469,000 for procurement of two armored sedans. The Committee recommends denial of this request for reasons discussed at the beginning of this procurement section of this report.

2.5 TON TRUCK SLEP

The Committee recommends $10,800,000 for procurement of 200 refurbished 2.5 ton trucks under the Department of Defense Service Life Extension Program for these vehicles. This is the estimated funding level that the Air Force intended to execute in fiscal year 1995 using other funding sources. The Committee directs that these vehicles continue to be funded in the procurement appropriation in future years.

The Committee directs that the vehicles funded with the recommended appropriation be scheduled for production and delivery so as to even out the production flow and achieve the most economic unit costs.

GENERAL REDUCTION, MINUTEMAN II

The Committee recommends a general reduction of $20,900,000 for vehicular equipment. The reduction is based on the findings of an Air Force Audit Agency report (42594008) which found that the Air Combat Command overstated requirements for Minuteman II support vehicles.

HAC, p. 186 (AF Other Proc)

PROCUREMENT, DEFENSE-WIDE

Appropriations, 1994	$1,810,039,000
New obligational authority, 1995:	
Estimate	1,744,916,000
Recommended	3,020,616,000
Increase	1,275,700,000

This appropriation provides for the procurement of capital equipment for the Defense Communications Agency, the Defense Logistics Agency, the Defense Mapping Agency, and other agencies of the Department of Defense. The 1995 program includes procurement of automatic data processing equipment, mechanized materials handling systems, general and special purpose vehicular equipment, communications equipment, and many other items.

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program in fiscal year 1995: (Table deleted).
HAC, p. 189

BALLISTIC MISSILE DEFENSE ORGANIZATION

NAVY TMD

The Ballistic Missile Defense Organization (BMDO) requested $14,496,000 for Navy theater missile defense. The Committee recommends that these funds be denied, which is consistent with the direction of the House Armed Services Committee. Elsewhere in this report, the Committee directs BMDO to reconsider the technology used in Navy theater missile defense. Therefore, the Committee denies funds for initiating procurement of the system.

SPECIAL OPERATIONS COMMAND
C-130 MODIFICATIONS

The budget request is reduced by $7,300,000 because prior year funds are available to finance a contract target/ceiling differential for the center wing replacement modifications.

The Committee directs that $15,000,000 of the funds requested for MC-130H Combat Talon II modification shall not be committed or obligated until completion of a program review.

MH47/MH-60 MODIFICATIONS

Absent justification for specific aircraft improvements, the request for $4,700,000 for future unspecified engineering change proposals is denied. Additionally, $2,500,000 requested for multi•mission radar production software shall not be committed or obligated until SOCOM fully explains the apparent change in radar requirements for these aircraft.

PATROL CRAFT, CYCLONE CLASS

The Committee agrees to provide an additional $5,800,000 to settle claims regarding the patrol craft.

40MM FUZES

SOCOM is directed to immediately initiate the refuzing of the PGU-9A/B, 40mm ammunition round in order to correct a serious safety of flight problem currently facing the aircrews of the AC-130 Gunships.

MAJOR SPACE PROGRAM FUNDING

As discussed elsewhere in this report under Space and Related Programs, a total of $1,187,861,000 in procurement funding for major space programs has been transferred to Procurement Defense-Wide. The following table details these transfers.

Program	Transfer amount ($000)
Defense Satellite Communications Systems (ARMY)	104,536
Fleet Satellite Comm (MYP)	125,480
Spaceborne Equipment (COMSEC)	2,092
Global Positioning (MYP)	134,831
Global Positioning (MYP) (AP-CY)	55,352
Space Shuttle Operations	103,518
Space Boosters	29,000
Medium Launch Vehicle	120,480
Medium Launch Vehicle (AP-CY)	28,564
Def Meteorological Sat Prog	29,159
Defense Support Program (MYP)	363,959
Defense Satellite Comm System	20,185
Ionds (MYP)	30,649
Ionds (MYP) (AP-CY)	9,954
Defense Support Program	15,102
Defense Meteorological Sat Prog	15,000

HAC, p. 191-192

NATIONAL GUARD AND RESERVE EQUIPMENT

Appropriations, 1994	$1,200,000,000
New obligational authority, 1995:	
Estimate	.....
Recommended	796,200,000
Increase	796,200,000

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program in fiscal year 1995:

HAC, p. 193-194

AIR FORCE RESERVE
AIR FORCE RESERVE C-130 MODERNIZATION

The Committee directs the Department of Defense to expeditiously field 8 C-130H aircraft to the 910th Tactical Airlift Group at Youngstown, Ohio as specified in the fiscal year 1993 and 1994 Defense Appropriations Acts.

HAC, p. 196

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

AIR NATIONAL GUARD
APN-59 RADAR UPGRADE

The Committee recommends $5,000,000 for the continued procurement of APN-59 radar upgrade kits for the Air National Guard KC-135 fleet. The additional funding provided by the Committee shall not be obligated until a report has been provided to the Committee detailing the acquisition strategy to be pursued by the Air National Guard for the radar upgrade program.

AIRBORNE EMERGENCY HOSPITALS

The Committee directs the National Guard Bureau in coordination with the Assistant Secretary of Defense for Reserve Affairs to evaluate and report to the Committee by March 15, 1995 on the potential benefits related to modifying existing C-130 aircraft into airborne emergency hospitals to provide immediate on-scene full service medical and surgical intervention for civilian or military populations impacted by hazards, including natural disasters. The report should include any recommendations for a pilot program within the structure of the National Guard.

HAC, p. 196

TITLE IV

RESEARCH, DEVELOPMENT, TEST AND EVALUATION
ESTIMATES AND APPROPRIATIONS SUMMARY

The fiscal year 1995 Department of Defense research, development, test and evaluation budget totaled $36,225,013,000. The accompanying bill recommends a total program of $34,467,940,000. The total amount recommended is $1,757,073,000 below the total program provided in fiscal year 1994. The table below summarizes the budget estimates and the Committee's recommendations: (Table deleted).

HAC, p. 197-198

REPROGRAMMING LIMITATIONS

The Committee in the past has agreed in conference to a number of reprogramming limitations affecting RDT&E programs. The Director of ARPA testified to the Committee that nearly 70 percent of the ARPA budget is restricted by either project level restrictions or special interest designations. The Air Force has not moved funds between projects within its electronic warfare program without prior Congressional approval for many years, even though the issues which originally prompted the Congressional restriction on electronic warfare programs have subsided. The Committee does not believe that reprogramming restrictions beyond those described in DOD Instruction 7250.10 should be continued in perpetuity, but should be reviewed annually to assess their relevance. The Committee therefore directs that no further reprogramming limitations beyond those described in DOD Instruction 7250.10 shall apply to fiscal year 1995 and subsequent RDT&E funds unless stated in one of the Committee reports and agreed to in conference. This would not affect Congressional interest items designated in Congressional reports.

HAC, p. 199

SHIP SELF DEFENSE

The Committee has been very concerned about programs to protect Navy ships from sea-skimming, low-observable, anti-ship cruise missile attack since the time when 37 sailors died in the attack on the U.S.S. Stark. The Committee commends the Assistant Secretary of the Navy for Research, Development, and Acquisition for her attention to these programs and for her responsiveness to the Committee. She is the first and only Defense Department witness to testify before the Committee to state that Congressional direction to field certain classified capabilities by 1996 will be accomplished. In addition, the Navy has embarked on an aggressive program to field cooperative engagement capability in the E-2 aircraft much earlier than any previous plan. It seems to the Committee that the set of programs which encompass ship self-defense are well managed and are in very healthy shape. The Committee remains concerned, however, that the Office of the Secretary of Defense has done little to ensure that tri-service coordination between warfighting units such as Army Patriot batteries, E-2 and E-3 early warning aircraft, and Navy ships is accomplished. The Committee directs that no more than half of funds appropriated for E-3 AWACS R&D may be obligated until the Secretary of Defense submits a plan to Congress for installing cooperative engagement in Air Force E-3 aircraft for the purpose of aiding in ship self-defense and joint-service theater ballistic missile defense efforts. The Committee recommends additional funds for the following ship self-defense programs: (Table deleted).

HAC, p. 199-200

FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS (FFRDCS)

Federally Funded Research and Development Centers (FFRDCs) are privately operated organizations sponsored by Government agencies to work in all areas of basic or applied research.

The ceiling for FFRDC funding in fiscal year 1994 was $1,352,650,000. The Committee recommends a budget ceiling of $1,252,650,000 for fiscal year 1995, consistent with the reduced level of research and development funding recommended by the Committee and past guidance to continue decreasing the ceiling.

Last year the Committee recommended that the DOD submit a report to the Committee on the feasibility of establishing pay caps for FFRDC employees to further contain cost growth. The report was requested after the House Budget Committee recommended that employees of DOD's FFRDCs should be treated like federal employees when it comes to future pay raises and COLA adjustments. DOD does not have a policy regarding either pay adjustments or COLAs for FFRDC employees. Currently, since FFRDC employees are not Government employees, they are subject only to the renumeration policies of their parent corporations. The Committee has not received the report it requested last year and understands that DOD has not even initiated work on it. Therefore, the Committee recommends altering the general provision regarding FFRDCs to restrict the obligation of one-half of FFRDC funds until the report is provided.

The Committee recommends retaining subsection (a) of section 8054 which prohibits the obligation of funds to finance an FFRDC if a member of its Board of Directors or Trustees simultaneously serves on the Board of Directors or Trustees of a profit-making company under contract to the DOD unless the FFRDC has a DOD approved conflict of interest policy for its members.

The Committee also recommends retaining subsection (b) of section 8054 which prohibits the obligation of funds to establish a new FFRDC either as a new entity, or as a separate entity administered by an organization managing another FFRDC, or as a nonprofit membership corporation consisting of a consortium of other FFRDCs and other nonprofit entities.

STREAMLINING THE ACQUISITION PROCESS

The Committee understands that the Army has adopted an innovative new approach to acquisition. The Army stated at its Research, Development, Test and Evaluation hearing this year that "acquisition programs take too long and the cost of inefficiencies in the acquisition system is a price we can no longer afford to pay". The Army has decided to streamline the acquisition process by emphasizing concurrent development and production, early integration of test and evaluation, and extensive early simulation. The Army also plans to obtain commercial products where possible, use commercial specifications and standards, and eliminate paperwork and reports. The Army provides two examples of programs on which the streamlined acquisition process is being implemented: the Comanche helicopter and the Advanced Field Artillery System (AFAS) and the companion Future Armored Resupply Vehicle (FARV).

The Committee agrees with the Army about the need to shorten and improve the acquisition process. However, the Army's effort to streamline the acquisition process may be premature. OSD is supportive of the acquisition reform legislation which Congress is currently considering, but has not yet passed. Until such legislation is passed, the Committee believes the Army should adhere to existing acquisition practices.

Furthermore, other services have attempted to incorporate elements of the Army's acquisition improvement in their acquisitions, frequently with great detriment to the program. For example, the B-2 Bomber, the C-17 aircraft, and the Tri-Service Standoff Attack Missile are all examples of acquisitions that used concurrent development and production. All three programs have experienced significant cost growth, schedule slips, or both. A more recent example is the Clementine program, a joint NASA/DOD effort that launched a sensor-laden satellite after only 2 years and at a cost of only $80 million. The satellite initially worked well and was touted as an example of the benefits of streamlined acquisition. Recently, however, the satellite has experienced technical problems and has spun off course. Clearly, streamlined acquisition can lead to some of the problems it attempts to prevent.

The Committee is also concerned that the Army is applying its new acquisition approach to some of its most significant research and development efforts, instead of first testing it out on less critical programs. The Army has selected the Comanche and the AFAS/FARV, two of the Army's most important programs, to streamline first. The Committee is sympathetic to the Army's need to control costs now in order to fully fund acquisitions in the future, but is concerned about the possible detrimental effects of streamlining these important programs.

Finally, the Committee expresses these concerns for all the services and any attempts they are making on streamlining the acquisition process before acquisition reform legislation has been enacted.

Therefore, the Committee requests that the services notify the Committee of each exception to DOD Directives 5000.1, 5000.2, and 5000.2-M for any of their research and development programs, along with a justification comparing the acquisition as it would have been under the above DOD Directives to the proposed acquisition process, including: schedule, acquisition milestones, number of test articles and tests, and anticipated cost savings. The services should continue such notification until the acquisition reform initiative is complete and all implementing legislation is enacted.

HAC, p. 202-203

MEDICAL PROGRAMS

Adjustments to medical RDT&E programs are addressed in the medical programs section of this report.

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

CLASSIFIED PROGRAMS

Adjustments to classified RDT&E programs are addressed in a classified report or classified letter accompanying this report.

HAC, p. 205

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

Appropriations, 1994	$12,314,362,000
New obligational authority, 1995:	
Estimate	12,349,362,000
Recommended	10,728,533,000
Decrease	1,620,829,000

This appropriation funds the Research, Development, Test and Evaluation activities of the Department of the Air Force.

HAC, p. 233

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE

Appropriations, 1994	$8,838,690,000
New obligational authority, 1995:	
Estimate	9,416,855,000
Recommended	9,419,955,000
Increase	3,100,000

This appropriation funds the Research, Development, Test and Evaluation activities of centrally managed programs and the Defense Agencies.

COMMITTEE RECOMMENDATIONS
AUTHORIZATION CHANGES

The Committee recommends the following changes in accordance with authorization action:

[In thousands of dollars]

	Request	HASC	HAC	Change
Historically Black Colleges and Universities	$15,000	$25,000	$25,000	+$10,000

Tactical Technology	111,343	126,343	126,343	+15,000
Integrated Command and Control Technology	67,950	92,950	92,950	+25,000
Electric Vehicles	0	10,000	10,000	+10,000
DMA Mapping, Charting, and Geodesy Production	67,008	57,008	57,008	-10,000
Cooperative DOD/VA Medical Research	0	30,000	30,000	+30,000

BASIC RESEARCH
UNIVERSITY RESEARCH

The Defense Department requested $232,492,000 for university research initiatives. The Committee recommends $234,992,000, an increase of $2,500,000 only for the adoptive optics project authorized by the House Armed Services Committee in its 1995 report.

The Committee has provided $20,000,000 from within available funds only for the Defense Experimental Program to Stimulate Competitive Research (DEPSCoR). Guidelines for this program were set forth in the fiscal year 1993 Department of Defense Appropriations conference agreement and the Committee directs the Department to follow them. The Committee is concerned that the Secretary of Defense has not coordinated effectively with the Directors of the National Science Foundation, the Office of Science and Technology Policy, and the state-based EPSCoR committees and directs that this consultation be taken seriously. Following this consultation, the Department should conduct additional merit-based competitions for grants in areas of science, mathematics and engineering important to its mission. Awards should focus on those proposals which strengthen infrastructure, enhance research, and develop human resources so as to assist the EPSCoR states to become more competitive for regular research and training grants. All program solicitations should be coordinated with and made to the state EPSCoR committees and great weight should be given to the likely impact an award will have on the states overall EPSCoR program.

HAC, p. 245

FOCUSED RESEARCH INITIATIVES

The Department requested $20,000,000 to continue its focused research initiatives. The Committee recommends $12,000,000, a reduction of $8,000,000 due to fiscal constraints. The Committee recommends that within the amount provided, priority be given to continuation of the National Medical Testbed project.

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

EXPLORATORY DEVELOPMENT
COMPUTING SYSTEMS AND COMMUNICATIONS TECHNOLOGY

ARPA requested $419,608,000 for computing systems and communications technology. The Committee recommends $425,608,000, an increase of $6,000,000 only to competitively establish an intelligent metacomputing center.

Intelligent metacomputing, a form of computing where the network is the computer, offers numerous benefits to the Department of Defense. This emerging concept requires supercomputers and their interconnecting networks to become an intelligent metacomputer able itself to allocate computing resources best suited to completion of a given task. The primary issue involved in metacomputing is one of intelligent system integration at the level of multivendor supercomputers. Development of metacomputing capabilities would not only address technological issues of system integration at the highest levels, but also offer a unique opportunity to seriously address training issues associated with the supercomputer revolution and the National Information Network. Developments in metacomputing and visualization could also promote spinoff transitioning of supercomputer technology in such areas as ship design and stores, practical training with simulation and virtual reality, as well as the development of broad based, high risk technologies with substantial commercial applications. Because of these potential benefits to the Department of Defense, the Committee directs that not less than $6,000,000 be competitively awarded to a qualified institution of higher education with expertise and established programs in computational sciences and informatics capable of conducting research and development that will lead to the establishment of an interoperative intelligent metacomputing test bed.

Within the amount provided for this program, the Committee urges that the investigation and usage of clustered high performance computing systems be accelerated as collocated, cost-effective, generally applicable supplements to largescale mature high performance computing systems which were installed by the High Performance Computing and Communications Program using fiscal years 1993 and 1994 funds.

HAC, p. 246

INTEGRATED COMMAND AND CONTROL TECHNOLOGY

ARPA requested $67,950,000 for integrated command and control technology. The Committee recommends $92,950,000, an increase of $25,000,000 as proposed by House Armed Services Committee in its 1995 report. Within the amount provided, an additional $4,000,000 is only for high definition camera development and an additional $3,000,000 is only for dry etching equipment utilization.

The Committee directs that $4,000,000 be used only to enhance the existing ARPA sponsored, NASA managed research program in gallium arsenide and zinc oxide overlaid acoustic charge transport devices technological development, to include the integration of these devices into high definition television cameras suitable for military use. This program will result in a progressively scanned 1080 line, 1920 pixel per line, solid state camera capability and in development of a high resolution imager chip capable of frame rates of 170 frames per second with a resolution of 2 megapixels per frame.

The Committee also directs that $3,500,00 be provided only for dry etching equipment utilizing reactive ion etch technology and that ARPA assign these funds to support research by a supplier to the United States Display Consortium. This technology is one area where the United States is lacking infrastructure to build flat panel displays. Funding constraints have limited the USDC to pursue only one technical solution. The funding of proven reactive ion etch technology will guarantee the flat panel display industry equipment with performance of at least parity to that available from foreign manufacturers. It will also provide the flat panel display industry with a leader-follower supplier relationship that competes on quality, cost, and performance.

The Committee urges that within the Flat Panel Display initiative and the ARPA core technology development program that priority be given to the development of emissive, large area, full color, video flat panel displays using AC plasma technology.

MATERIALS AND ELECTRONICS TECHNOLOGY

ARPA requested $224,828,000 for materials and electronics technology. The Committee recommends $241,828,000, an increase of $17,000,000 of which $2,000,00 is only for research and development projects which accelerate the use of aluminum beryllium alloys to meet military and commercial applications as recommended by the House Armed Services Committee in its fiscal year 1995 bill, $14,000,000 is only to continue Phase III of the infrared materials producibility project in order to transition materials to production and $1,000,000 is only to continue microballoon technology development.

HAC, p. 247

DEFENSE NUCLEAR AGENCY

The Defense Nuclear Agency (DNA) requested $231,978,000. The Committee recommends $230,978,000, a reduction of $1,000,000. This includes a reduction of $5,000,000 in response to a GAO report (NSIAD-94-136) that recommends that the Director of the Arms Control Disarmament Agency and the Secretary of Defense reach an agreement with the Preparatory Commission of the Organization for the Prohibition of Chemical Weapons on how the United States can be reimbursed for some of the costs of U.S. research and development efforts which directly support the chemical weapons verification regime. The United States has taken a leadership role in developing a verification system, but with the establishment of the Preparatory Commission, a mechanism now exists for sharing the costs of the development. In addition, GAO finds that the Chemical Weapons Convention is unlikely to meet its entry-into-force target date of January 1995, so the need for a verification regime is delayed.

The DNA request included $10,000,000 for work on electrothermal chemical (ETC) gun technology. The Committee recommends $6,000,000 for this activity, a reduction of $4,000,000. The Committee concurs with the House Armed Services Committee's proposed reduction of $4,000,000 for the development and demonstration of a long-range, precision-guided projectile by the DNA. This activity is outside the scope of the Memorandum of Agreement between the Department of the Navy and the DNA on the demonstration of electric-thermal gun propulsion in a 5-inch gun.

The Committee recommends an increase of $2,000,000 only to continue to examine the effects of long pulse, high power microwave technologies on selected weapon systems. The Agency will conduct additional laboratory and live fire field testing against a wider array of systems including communications, command and control, aircraft, missiles, and ships.

The Committee recommends an increase of $3,000,000 only to continue DNA's ongoing high risk interdisciplinary bioenvi-•ronmental hazards research into the health, engineering and basic science aspects of environmental problems of special interest to the Department.

The Committee also recommends $3,000,000 only for the Nevada operations office for evaluating and assisting the transfer of technologies developed at the Nevada Test Site to the private sector, development of infrastructure to support future defense program needs at the Nevada Test Site, and environmental aspects of new or proposed projects seeking to locate at the Test Site.

HAC, p. 248

BALLISTIC MISSILE DEFENSE

The Department requested $2,979,855,000 for Ballistic Missile Defense research and development programs. The Committee recommends $2,491,762,000 for the Ballistic Missile Defense Organization's (BMDO) research and development programs, a reduction of $488,093,000. This level of funding is the same as proposed by the House Armed Services Committee. The Committee recommends specific changes in Ballistic Missile Defense Organization programs as detailed in the table below.

MODIFICATIONS TO BMD PROGRAM

[In thousands of dollars]

Project	Request	HASC	HAC	Change
PE 0602217				
Ballistic Missile Defense Technology	106,460	73,460	73,460	-33,000
PE 0603216				
Theater Missile Defense	491,131	480,281	581,381	+102,250
Sea-Based Wide Area Defense	17,750	40,000	120,000	+102,250
PE 0603217				
Ballistic Missile Defense Technology	769,993	584,393	444,283	-325,710
BPI	61,100	33,600	17,725	-43,375
ChemLaser	77,500	20,500	20,500	-57,000
Undistributed Reduction to NMD	0	0	-225,335	-225,335
PE 0604216				
Theater Missile Defense	1,071,283	974,040	976,050	-95,233
Patriot	69,240	0	69,240	0
ERINT	58,460	0	58,460	0
Lower Tier Risk Reduct	0	210,000	0	-210,000
THAAD	495,690	495,690	480,000	-15,690

Sea Based TMD INT	179,543	0	100,000	-79,543
PE 0603218				
Research & Support Activities	215,233	198,833	198,833	-16,400

The Committee is supportive of BMDO's theater missile defense programs. The Committee agrees with the House Armed Services Committee that the theater missile threat deserves top priority. Therefore, the Committee generally recommends funding theater missile defense programs at the budget request level. However, in the case of the sea-based wide area defense program (formerly the Navy-upper tier program), the Committee provided a significant increase over the budget request. The Committee includes bill language to earmark $120,000,000 only for sea-based wide area defense, an increase of $102,250,000 over the budget request.

Regarding the boost phase intercept (BPI) program, the Committee agrees with the House Armed Services Committee report that the Department's emphasis on the program is unwarranted considering the technological challenges, the possibility of countermeasures, and possible Anti-Ballistic Missile compliance issues. Furthermore, the Committee believes that BMDO cannot afford to initiate development of another expensive technology. BMDO projects that the Corps SAM and sea-based wide area defense programs each need $157,300,000 for development through 1999 and the BPI program needs $372,300,000. Since BMDO also projects that its budget will be sufficient to support the acquisition of only one of these advanced capability programs, the Committee does not believe all three programs can be fully funded through development. In addition, the Bottom-Up Review emphasized Navy-upper tier rather than Corps SAM or BPI. Therefore, the Committee recommends $17,725,000 for the BPI program, which is the same level of funding being provided to Corps SAM.

The Committee recommends $20,500,000 for the chemical laser program, a decrease of $57,000,000, due to budget constraints. The House Armed Services Committee provided the same level of funding for this program.

The Committee recommends an undistributed reduction to national missile defense programs of $225,335,000 due to budget constraints and the lower priority of these programs.

The Committee is pleased with the selection of the Extended Range Interceptor (ERINT) missile as the interceptor for the PAC-3 system. The fiscal year 1995 budget request includes $58,500,000 for risk reduction/mitigation. The PAC-3 Missile Review Board has pointed out that some level of risk remains, and that areas of concern include, but are not limited to: maneuvering re-entry vehicles; low latitude, low radar cross section cruise missiles; electronic counter measures and electronic counter-counter measures; and relocation of payload on threat vehicles.

Accordingly, the Committee directs that the risk reduction/mitigation efforts shall focus on the important task of adapting the PAC-3 missile to the Patriot system. This will include additional component testing and while no further launches of the integrated multi-mode missile will be conducted, this will not preclude multi-mode component testing on board aircraft. These efforts will insure the deployment of a fully capable PAC-3 system in fiscal year 1998.

The theater high altitude area defense (THAAD) system has experienced a schedule slip in its flight tests. The Committee believes that additional schedule slips are possible before resolution of negotiations with Russia and the other successor states to the Anti-Ballistic Missile treaty over whether the THAAD system and testing of the system is compliant with the treaty.

The Committee agrees with the concerns of the House Armed Services Committee about the sea-based theater missile defense program. BMDO needs to reconsider using a hit-to-kill warhead rather than a blast fragmentation warhead. However, the Committee does not agree with the potential reduction to the sea-based theater missile defense program that could occur by including it in the lower tier risk reduction line. If ERINT risk reduction and Patriot demonstration/validation (the other two items included in the House Armed Services Committee's lower tier risk reduction effort) were fully funded, sea-

based theater missile defense would receive less than half of its request. Therefore, the Committee recommends $100,000,000 for sea-based theater missile defense.

The Committee recommends $198,833,000 for research and support activities, a decrease of $16,400,000, due to budget constraints. The House Armed Services Committee provided the same level of funding for thisprogram.

HAC, p. 248-250

ADVANCED DEVELOPMENT
JOINT DOD-DOE MUNITIONS TECHNOLOGY DEVELOPMENT

The Defense Department requested $14,415,000 for joint DOD-DOE munitions technology development. The Committee recommends $24,415,000, an increase of $10,000,000 only for the continuing development of neutron generators and other areas of mutual DOD/DOE interest.

EXPERIMENTAL EVALUATION OF MAJOR INNOVATIVE TECHNOLOGIES (EEMIT)

ARPA requested $609,331,000 for EEMIT. The Committee recommends $649,817,000, an increase of $40,486,000 in the following projects:

[Dollars in thousands]

ASTOVL to JAST	-20,014
UAV reprogramming request dated May 12, 1994, except Thorn Shield	-27,500
Carbonate fuel cells	+5,000
MSAG generic antennae development for communications, radar, and electronic warfare to be tested in the medium range UAV	+8,000
Tactical support satellite	+30,000
IFSAR	+7,000
Phosphoric acid fuel bus prototype	+12,000
Mobile offshore basing and Quay causeway development	+15,000
Ocean reconfigurable craft, advanced (ORCA)	+2,000
Low emission boiler demonstration project	+2,000
System for Effective Control of Urban Environmental Security (SECURES)	+2,000
Deep Ocean Relocation	+5,000

The Committee recommends an additional $7,000,000 only to continue the development, application, and testing of IFSAR technology which is an airborne, radar based, terrain mapping system with an emphasis on both defense and civil applications. The Committee also recommends $2,000,000 only for the System for Effective Control of Urban Environment Security, which is a dual-use system development intended to leverage defense technology for the purpose of instantaneously detecting and pinpointing the location of gunfire. It could aid civilian law enforcement in urban environments and provide security for peacekeeping missions undertaken by the military.

The Committee reaffirms the importance of fuel cell technology to the military by continuing the demonstration of a carbonate-based, two megawatt fuel cell power plant at a representative military base. The Committee is pleased to note that the Departments of Defense and Energy are coordinating their

respective direct fuel cell programs to ensure that they complement each other. The Committee recommends $5,000,000 only to continue this project which is proceeding in compliance with the fiscal years 1993 and 1994 Department of Defense Appropriations Acts.

The Committee reiterates the concern expressed in last year's report about proliferation of competent diesel electric submarines and the state of our antisubmarine warfare technology to counter this threat. Therefore, the Committee believes that priority should be given to programs directed toward the littoral ASW problem.

The Committee directs that the Secretary of Defense provide funds appropriated in the Department of Defense Appropriation Act for fiscal year 1994 for development of mobile off shore bases to ARPA for immediate obligation.

HAC, p. 250-251

MANUFACTURING TECHNOLOGY

The Committee denies the Department's request to initiate a centrally managed manufacturing technology development program. Funds have been provided instead in the Service appropriation accounts.

STRATEGIC ENVIRONMENTAL RESEARCH PROGRAM

The Department requested $111,907,000 for the Strategic Environmental Research Program (SERDP). The Committee recommends $96,907,000, a reduction of $15,000,000 to the budget request. The Committee makes this recommendation without prejudice noting the low obligation rates experienced by the SERDP program in fiscal year 1994.

MAJOR SPACE PROGRAM FUNDING

As discussed elsewhere in this report under Space and Related Programs, a total of $1,386,020,000 in research and development funding for major space programs has been transferred to RDT&E, Defense-Wide. The following table details these transfers.

[In thousands of dollars]

Program	Program element	Transfer amount
Satcom Ground Environment	0303142A	95,191
Satellite Communications	0303109N	47,115
Defense Meteorological Satellite Program (DMSP)	0305160N	14,639
Advanced Spacecraft Technology	0603401F	24,200
Space Systems Environmental Interactions Technology	0603410F	4,200
Space Test Program	0603402F	62,084
Advanced Milsatcom	0603430F	35,000
Defense Meteorological Satellite Program Block 6	0603434F	7,601
Satellite Systems Survivability	0603438F	8,531
Brilliant Eyes	0603440F	120,000

Advanced Space Based TW/AA (DEM VAL)	0603441P	150,000
Milstar LDR/MDR Sat Comm	0604479F	607,248
UHF Satellite Communications	0303606F	20,879
Defense Satellite Communications System	0303110F	30,876
Medium Launch Vehicles	0305119F	21,042
Upper Stage Space Vehicles	0305138F	3,663
Titan Space Launch Vehicles	0305144F	4,000
Defense Meteorological Satellite Program (DMSP)	0305160F	21,135
Navstar Global Positioning System (Space and Controls)	0305165F	51,125
Defense Support Program	0305911F	47,351
Nudet Detection System	0305913F	10,140

HAC, p. 252-253

ADVANCED SPACECRAFT TECHNOLOGY

As a part of the centralization of major space programs, $24,200,000 has been transferred from RDT&E, Air Force (P.E. 0603401F) for Advanced Spacecraft Technology. In addition, as discussed elsewhere in this report under Space and Related Programs, $40,000,000 is being provided for the Tactical Support Satellite being developed by the Advanced Research Projects Agency. A total of $64,200,000 is being provided for this program.

BRILLIANT EYES

As discussed elsewhere in this report under Space and Related Programs, within the RDT&E, Defense-Wide appropriation the $120,000,000 requested for Brilliant Eyes under Ballistic Missile Defense Technology (P.E. 0604217C) has been transferred to a new program line.

ADVANCED SPACE-BASED TW/AA/ALARM

As discussed elsewhere in this report under Space and Related Programs, the Committee has provided a total of $330,000,000, an increase of $180,000,000, in RDT&E, Defense-Wide for accelerated development of the ALARM program.

SPACE LAUNCH INITIATIVE

As discussed elsewhere in this report under Space and Related Programs, $140,000,000 has been provided for space launch initiatives.

COMMERCIAL COMMUNICATIONS

As discussed elsewhere in this report under Command, Control, Communications, and Intelligence, the Committee has provided $10,000,000 for continued development of better ways to exploit non-developmental commercial communications technologies.

COMPUTER AIDED LOGISTICS SUPPORT (CALS)

The Department requested $13,090,000 for CALS. The Committee recommends $15,090,000, an increase of $2,500,000 only for the CALS integrated weapons system data base pilot program. The Committee understands that the Navy has included funding for the Rapid Acquisition of Spare Parts Program in this program for $6,200,000 and in the Defense Business Operations Funds for $11,000,000, both of which the Committee designates to be of special interest.

MANUFACTURING TECHNOLOGY

ARPA requested $346,129,000 for manufacturing technology development of electronics. The Committee recommends $411,229,000, an increase of $65,100,000. This consists of an additional $70,000,000 for advanced lithography as recommended by the House Armed Services Committee in its 1995 report, an increase of $100,000 only for coronary angiography, and a decrease of $5,000,000 proposed by ARPA in its UAV reprogramming request dated May 12, 1994. Within the amount provided for advanced lithography, $1,700,000 is only for synchrotron X-ray aligners; $4,700,000 is only for point source aligners; and $7,500,000 is only for deep ultraviolet lithography tools.

ELECTRIC VEHICLES

The Department did not request funds to continue research and development of electric vehicles for military applications. The Committee recommends $10,000,000 as proposed by the House Armed Services Committee in its 1995 report. The Committee encourages the Defense Department to buy electric vehicles for its facilities in those parts of the country which have the most severe air pollution problems when practicable to meet vehicle acquisition inventory objectives.

ADVANCED CONCEPTS TECHNOLOGY DEMONSTRATIONS (ACTDS)

The Department requested $50,000,000 for an OSD fund to augment service R&D programs that are designated as advanced concepts technology demonstrations. The Committee recommends that these funds be denied. The Committee is not opposed to ACTD programs per se, but does not agree to provide funding for them in multiple locations within the Defense budget.

HIGH PERFORMANCE COMPUTING MODERNIZATION

The Department requested $183,048,000 for high performance computing modernization. The Committee approves the request in full, but recommends $53,048,000 in the RDT&E account and $130,000,000 in procurement. The Committee has included a general provision in the bill (Sec. 8090) which broadens the Department's program to meet the needs of all potential DoD users, not just those in the research community. The Committee understands that the Department has amended its High Performance Computing Modernization Plan to comply with the statutory language adopted in the Department of Defense Appropriation Act for fiscal year 1994. The Department now intends to focus the program on the procurement of operational computers to fulfill user needs. The Committee is concerned, however, with two aspects of the program. First, the Department has experienced an extremely slow obligation rate, leading to a backlog of modernization requirements. Second, the program does not provide high performance computers to essential DOD components outside of the

cognizance of the Director of Defense Research and Engineering. The Committee supports full funding for the program, but urges the Department to make effort to obligate the funds in an expeditious manner.

CONSOLIDATED DOD SOFTWARE INITIATIVE

The Committee does not agree to the Department's proposal to fund advanced software language development programs, such as the Ada computer programming language, in O&M instead of RDT&E as has traditionally been done. The Committee recommends $27,500,000 in R&D, and a corresponding reduction of $10,800,000 in the O&M, Defense-wide appropriation. Within the amount provided, $5,000,000 is only for Ada 9-X language development under the auspices of the Joint Ada project office at Kirtland AFB and $7,500,000 is only for the Reuse Technology Adoption Program.

JOINT WARGAMING SIMULATION MANAGEMENT OFFICE

The Department requested $68,117,000 for wargaming and simulation. The Committee recommends $28,117,000, a reduction of $40,000,000 due to poor budget execution of the fiscal year 1994 program due to the findings of a recent DOD/IG report on the program and subsequent delay while the program was reorganized.

ROCKET MOTOR DEMILITARIZATION

The Department did not request any funds for the solid rocket demilitarization program. The Committee recommends $4,500,000 only to continue and complete the demonstration of the disposal of energetic materials by underground contained burn in the existing tunnels at the Nevada Test Site. The Committee also recommends expanding the demonstration project to include disposal of non-nuclear explosives. To reflect this expanded mission, the Committee recommends changing the name of this program to the Non-Nuclear Materials Demilitarization program.

DEMONSTRATION AND VALIDATION
PHYSICAL SECURITY EQUIPMENT

The Committee recommendation for this program is explained in RDT&E, Army.

NATO R&D

The Department requested $60,240,000 for NATO R&D. The Committee recommends $20,240,000, a reduction of $40,000,000 due to poor budget execution of the fiscal year 1994 program.

HAC, p. 253-255

ENGINEERING AND MANUFACTURING DEVELOPMENT
JOINT TACTICAL INFORMATION DISTRIBUTION SYSTEM (JTIDS)

The Defense Department requested $84,409,000 for the Joint Tactical Information Distribution System. Included in this amount is $73,309,000 for the Multifunctional Information Distribution System (MIDS). The MIDS program is a multinational cooperative development effort to design, develop, and procure lightweight tactical information system terminals for U.S. fighter aircraft, as well as foreign fighter aircraft, helicopters, ships, and ground sites. The total program cost will exceed $1 billion, half of which will be paid by the U.S.

According to a DOD audit published last year, in the past three years no Defense Acquisition Board review was held, no acquisition program baseline was approved, and no exit criteria were established as prerequisites for entry into Engineering and Manufacturing Development (EMD). The Audit also notes that the Air Force withdrew from the program and that the only U.S. platform that will use MIDS will be the Navy's F-18.

Based upon the above major program deficiencies, the Committee is deleting the entire request of $73,309,000 for the MIDS program.

RDT&E MANAGEMENT SUPPORT
TECHNICAL STUDIES, SUPPORT, AND ANALYSIS

The Department requested $40,501,000 for technical studies, support, and analysis which is a forty-eight percent increase over the 1994 appropriated level. The Committee recommends $30,501,000, a decrease of $10,000,000 due to fiscal constraints.

DEFENSE SUPPORT ACTIVITIES

The Department requested $15,234,000, for Defense support activities. The Committee recommends $17,734,000, an increase of $2,500,000 only for development of the Expert System for Armed Services Logistics Information.

OPERATIONAL SYSTEMS DEVELOPMENT
DEFENSE AIRBORNE RECONNAISSANCE PROGRAM

The Department of Defense requested $528,290,000 for the Defense Airborne Reconnaissance Program. The Committee believes these are high priority programs and recommends $609,290,000, an increase of $81,000,000. Further details are provided in the C3I section of this report.

SPECIAL OPERATIONS COMMAND
SPECIAL OPERATIONS TECHNOLOGY DEVELOPMENT

The Special Operations Command (SOCOM) requested $7,560,000 for Special Operations Technology Base Development. The Committee recommends $5,560,000, a reduction of $2,000,000. The Committee advises SOCOM to focus more on exploitation of existing technology.

SPECIAL OPERATIONS ADVANCED TECHNOLOGY DEVELOPMENT

The Special Operations Command (SOCOM) requested $15,549,000 for Special Operations Advanced Technology Development. The Committee recommends $13,549,000, a net reduction of $2,000,000.

The Committee advises SOCOM to look into ongoing Services' efforts in this area and also emphasizes adaptation of existing technology therefore recommends reducing the budget request by $3,000,000.

An additional $1,000,000 is recommended for designing and developing prototype systems to enhance Special Operations counterproliferation efforts directed against weapons of mass destruction.

SPECIAL OPERATIONS TACTICAL SYSTEMS DEVELOPMENT

The Special Operations Command (SOCOM) requested $167,356,000 for Special Operations Tactical Systems Development. The Committee recommends $164,766,000, a net reduction of $2,590,000. The adjustments are explained below:

-ACTD test for the Quiet Knight Program: +$7,000,000.
-JASORS Advanced Radio System: -$5,790,000.

-Special Warfare Combination Craft: -$3,800,000.

It has been determined that $2,800,000 of FY 1994 funds and $1,000,000 of the budget request are excess. SOCOM is contemplating using these funds to investigate other missile candidates for Phase II SWPS. Funding can be deferred until fiscal year 1996. The Committee directs SOCOM to continue the SWPS program for the Patrol Craft and any attempt to change this program requires prior approval by the Committees on Appropriations and Armed Services of the House and Senate.

SOCOM is directed to apply the Quiet Knight program to fixed and rotary wing aircraft.

CALS SHARED RESOURCE CENTERS

The Committee notes that the execution plan underlying the fiscal year 1995 budget for the Computer Aided Logistics System (CALS) Shared Resource Centers program provides that the Johnstown, Pennsylvania Technology Center will act as the integrator for five regional sites and the Cleveland Advanced Manufacturing Program will serve as the integrator for six sites. This approach complies with prior Congressional direction and is endorsed by the Committee.

CASTING EMISSION REDUCTION

The Committee endorses the casting emission reduction and low level emissions measurement project in conjunction with McClellan AFB. The project was initiated by Congress in fiscal year 1994, and the Committee strongly urges that it be continued from within available funds in fiscal year 1995.

OPTICS RESEARCH

The Committee recognizes that optics is a rapidly growing, highly diversified field in which the United States has made significant advances and remains in the forefront of research, development, and manufacturing. The Committee also recognizes that competition from abroad is increasing dramatically and that more attention and financial resources need to be devoted to optics if the United States is to remain an international leader in the field. The Committee, therefore, encourages the Department to take an active role in optics research, development, education, and training. The Department is further encouraged to develop and fund consortia with the appropriate research institutions to coordinate these activities.

HAC, p. 255-258

DEVELOPMENTAL TEST AND EVALUATION, DEFENSE

Appropriations, 1994	$232,457,000
New obligational authority, 1995:	
Estimate	$251,495,000
Recommended	251,495,000
Increase	.....

This appropriation funds Developmental Test and Evaluation, Defense activities, for direction and supervision of test and evaluation, joint testing, improvement of the effectiveness and efficiency of the DOD major ranges and test facilities, and technical and/or operational evaluation of foreign nations' weapon systems, equipment, and technologies.

HAC, p. 261

OPERATIONAL TEST AND EVALUATION, DEFENSE

Appropriations, 1994	$12,650,000
New obligational authority, 1995:	
Estimate	12,501,000
Recommended	12,501,000
Decrease	0

This appropriation funds the activities of the Office of the Director, Operational Test and Evaluation.

HAC, p. 263

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

TITLE V
REVOLVING AND MANAGEMENT FUNDS
DEFENSE BUSINESS OPERATIONS FUND

Fiscal year 1994 appropriation	$1,102,295,000
Fiscal year 1995 budget request	1,169,038,000
Committee recommendation	1,090,438,000
Change	-78,600,000

DBOF PRIOR YEAR LOSSES AND RATE ADJUSTMENTS

The Defense Business Operations Fund has incurred operating losses, particularly in its depot and supply maintenance functions, in each of the past three fiscal years. The DoD proposes to recover these losses through reprogramming actions (for the Navy) and levying a surcharge, or rate increase, on the fiscal year 1995 rates charged DBOF customers (for all the services plus DLA). The DoD is proposing additional surcharges to cover unbudgeted FY 1994 costs of civilian locality pay and wage grade increases, unbudgeted FY 1995 civilian separation costs, and for modernization of ADP systems. The Committee is deeply concerned about DoD's current policies from several perspectives.

Increasing Costs Without Increasing Readiness.-The imposition of surcharges increases depot and supply costs to the customer-the forces in the field-consuming much of the proposed increases in maintenance funding contained in the budget with no improvements in readiness. For example, as a result of just the surcharge to recover prior year losses, the rates charged at Naval aviation depots will increase by over 10 percent from fiscal year 1994 to 1995, increasing customer costs by nearly $200 million.

Surcharge Use Is Questionable.-As noted by the House Armed Services Committee and the GAO, using price increases to recover prior year losses is inconsistent with the philosophy that DBOF pricing should reflect the actual costs incurred in a given timeframe for goods and services. While DoD counters that price increases are justified to "penalize" poor financial performance, much as in the businessplace, the Committee believes the size and types of proposed rate increases go far beyond that justified by the actual business activities at depots and supply centers. Recent DBOF losses are largely due to the rapid downsizing of the force and resulting increases in overhead costs, which are unavoidable because of the inability to more rapidly shed infrastructure under current statute and the DoD's efforts to reasonably manage personnel reductions.

Implementation Is Neither Consistent Nor Discriminating.-As noted above, for fiscal year 1995 the Navy is using reprogramming and surcharges to pay for prior year losses and other bills while the other services and DLA are using only surcharges. While recognizing the size of the Navy's losses makes it difficult to use surcharges alone to recover these costs, this highlights the degree to which an uneven application of DBOF pricing policy can distort the alleged cost of business borne by DoD activities. Since the Navy is reprogramming approximately $500 million to recover losses, its DBOF rates do not reflect its costs in the same fashion as do the other services.

The Committee also is concerned that surcharges are generally being applied across the board at the "business area" level, a relatively high level of aggregation (for example, "Depot Maintenance-Air Force") especially for the Army and Air Force. As a result, all DBOF facilities and customers within that

business area are being forced to pay for what may be losses incurred at one or a few installations. For example, a service may have suffered losses in only one commodity area, such as missile maintenance. But since missile maintenance is defined as only part of a business area, facilities servicing other commodities such as aircraft, ground vehicles, etc., in that business area will be forced to charge higher costs even if they had nothing to do with the incurred losses. This is entirely inconsistent with the individual profit center concept central to DBOF. It penalizes "good performers" and rewards the "bad," again not consistent with sound business practices.

Surcharges Distort Individual Facility Costs.-Since these surcharges are being applied across the board and not on a facility-specific basis, it clearly provides misleading data regarding the true cost of doing business at a given facility. In so doing it unfairly treats depots and customers which had nothing to do with the losses incurred. For example, the Committee is aware of depots which had been planning to decrease their customer rates from fiscal year 1994 to 1995. However, following the various surcharges described earlier, it now appears as if their rates have increased by up to 20 percent. Application of across-the-board surcharges have obscured their success in economizing and penalizes their customer base.

This also has serious implications regarding base closure and realignment decisions and efforts to increase the interservicing of depot maintenance. As the published customer rates for an individual facility include surcharges, they do not accurately reflect that facility's actual costs. And since surcharges differ by service, and by business area, their imposition is not felt equally by all facilities or between the services. As a result, unless the effects of across-the-board surcharges are discounted in the BRAC and interservicing decision processes, or are recalculated on a facility-specific basis, assessments of facility cost-effectiveness and relative military value are in danger of being seriously skewed. It is not clear whether the Department has recognized this distinction and issued appropriate guidance regarding the data to be used in reaching BRAC and interservicing decisions. The Committee directs the Comptroller of the Department to issue such guidance and to report back to the Committee by November 1, 1994 on the steps he has taken to remedy this problem.

The House Armed Services Committee recommends DoD seek a direct appropriation to fund all prior year losses beginning in fiscal year 1996. The Committee does not completely support this position as it views rate increases as a useful tool to impose cost discipline on those activities which have not performed well. However, the Committee believes the current use of surcharges is excessive in light of unavoidable losses due to the military drawdown and fails to adequately discriminate among DBOF activities. Accordingly, the Committee directs the Comptroller to review existing DBOF pricing policies and to promulgate new guidance addressing the concerns raised by the Committee in time to be included in the fiscal year 1996 budget submission. The Comptroller is directed to report to the Committee on his recommended changes by March 15, 1995.

HAC, p. 264-266

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

TITLE VI
OTHER DEPARTMENT OF DEFENSE PROGRAMS
DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

Appropriations, 1994	$868,200,000
New obligational authority 1995:	
Estimate	[1]704,200,000
Recommended	713,053,000
Increase	8,853,000

[1]Excludes $10,000,000 requested for Military Construction.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program in fiscal year 1995:

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

	Fiscal year 1994	Fiscal year 1995 President budget	HASC	HAC	HAC versus President budget
Military Personnel:					
Army Reserve	4,640	5,850	5,850	5,850	0
Army National Guard	95,670	103,100	103,100	103,100	0
Navy Reserve	2,460	2,716	2,716	2,716	0
Marine Corps Reserve	2,080	2,088	2,088	2,088	0
Air Force	6,600	5,700	5,700	5,700	0
Air Force Reserve	4,500	6,160	6,160	6,160	0
Air National Guard	23,021	25,805	25,805	25,805	0
SOC	720	135	135	135	0
Subtotal, military personnel	139,691	151,554	151,554	151,554	0
Operation and maintenance:					
Army	89,028	88,268	88,268	88,268	0
Navy	73,933	94,174	94,174	94,174	0
Marine Corps	5,210	5,655	5,655	5,655	0
Air Force	85,928	123,607	123,607	123,607	0
Defense agencies	101,500	106,327	106,327	106,327	0
Army Reserve	5,060	4,298	4,298	4,298	0

Navy Reserve	786	1,095	1,095	1,095	0
Marine Corps Reserve	824	1,576	1,576	1,576	0
Air Force Reserve	2,100	1,160	1,160	1,160	0
Army National Guard	33,349	22,273	22,273	22,273	0
Air National Guard	9,961	7,302	7,302	7,302	0
SOC	9,155	10,395	10,395	10,395	0
Optempo	193,700	0	0	0	0
Classified adjustment				(15,493)	(15,493)
Community outreach program				3,000	3,000
Section 1004 contingency support				27,000	27,000
Defense mapping agency				2,000	2,000
CMS				(1,500)	(1,500)
ROTH-R				(5,000)	(5,000)
Air Force tracker aircraft				(2,000)	(2,000)
Criminal justice substance abuse training center				1,000	1,000
Gulf States initiative				3,000	3,000
Multi-jurisdictional task force training program				1,246	1,246
Military drug rehabilitation facility				3,500	3,500
Subtotal, O&M	610,534	466,130	466,130	479,383	13,253
Procurement,					
Procurement, Army	13,988	3,992	3,992	3,992	0
Procurement, Navy	8,480	10,393	10,393	10,393	0
Procurement, MC	2,700	800	800	800	0
Procurement, AF	19,100	60	60	60	0
Procurement, def Ags	17,258	13,932	13,932	13,932	0
National Guard/Reserve	10,647	8,720	8,720	8,720	0
Procurement, SOC	1,376	1,351	1,351	1,351	0
Air Force Reserve	1,500	850	850	850	0
Classified Adjustment				(5,000)	(5,000)
Gulf States Initiative				600	600
Subtotal, procurement	75,049	40,098	40,098	35,698	(4,400)
Research, development, test and evaluation:					
Army	0	0	0	0	0
Navy	461	0	0	0	0
Defense agencies	42,465	44,618	46,418	46,418	0
Classified adjustment				3,000	3,000

Counter-drug R&D				(3,000)	(3,000)
Subtotal, RDT&E	42,926	46,418	46,418	46,418	0
Total, Drug Interdiction	868,200	704,200	704,200	713,053	8,853

HAC, p. 279-80

COMMITTEE RECOMMENDATIONS
EXCESSIVE GROWTH REDUCTIONS

The Committee recommends the following program reductions without prejudice due to excessive growth over fiscal year 1994 requested budget levels: Southcom Command Management System (CMS), -$1,500,000; Relocatable-Over-the-Horizon Radar (ROTH-R), -$5,000,000; Air Force Tracker Aircraft, -$2,000,000; Counter-Drug Research and Development, -$3,000,000.

CIVIL AIR PATROL

Funds made available to the Civil Air Patrol (CAP) in the fiscal year 1995 appropriation for Defense Department Drug Interdiction activities may be used for CAP's demand reduction program involving youth programs as well as operational and training drug reconnaissance missions for federal state, and local government agencies; for administrative costs, including the hiring of CAP employees; for travel and per diem expenses of CAP personnel in support of those missions; and for equipment needed for mission support or performance. The Department of the Air Force should waive reimbursement from the federal, state and local government agencies for use of these funds.

HAC, p. 280-1

DEFENSE CONVERSION AND REINVESTMENT

Appropriations, 1994	$967,500,000
New obligational authority 1995:	
Estimate	1,337,700,000
Recommended	1,401,944,000
Increase	64,244,000

The Committee is strongly supportive of the Defense Conversion, Reinvestment, and Transition Act of 1992. To help accomplish the goals of that legislation the Committee has included at least $3,489,000,000 in the fiscal year 1995 Defense Appropriations Act as follows:

DEFENSE CONVERSION AND REINVESTMENT

[In millions of dollars]

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

	Fiscal year 1994	Fiscal year 1995 President budget	HASC	HAC	HAC versus President budget
Technology Reinvestment Program (TRP)	575.0	625.0	619.6	625.0	0.0
Other reinvestment programs	0.0	156.6	152.0	212.3	55.7
Personnel and community assistance programs:					
Separation pay and civilian health benefits	140.1	301.7	301.7	301.7	0.0
Transition assistance/relocation assistance	65.8	63.9	72.4	72.4	8.5
National Guard Youth Opportunity Pilot Program	70.0	71.4	71.4	71.4	0.0
Office of economic adjustment	38.8	39.1	64.1	39.1	0.0
Troops to teachers	62.8	65.0	65.0	65.0	0.0
Troops to cops	15.0	15.0	25.0	15.0	0.0
Subtotal, personnel and community assistance	392.5	556.1	599.6	564.6	8.5
Total, defense conversion and reinvestment	967.5	1,337.7	1,371.2	1,401.9	64.2

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

OTHER CONVERSION RELATED PROGRAMS
[In millions of dollars]

	Fiscal year 1994	Fiscal year 1995 President budget	HASC	HAC	HAC versus President budget
Electronics and materials initiatives	259.9	224.8	244.0	241.8	17.0
Manufacturing technology initiatives	338.9	346.1	418.3	411.2	65.1
Computing systems and communication technology	325.9	419.6	394.6	425.6	6.0
Other initiatives:					
SEMATECH	90.0	90.0	90.0	90.0	0.0
Basic research	86.0	87.7	87.7	87.7	0.0
Advanced simulation	59.3	79.3	79.3	79.3	0.0
Subtotal, other initiatives	235.3	257.0	257.0	257.0	0.0
SBIR refocused to dual use	161.0	161.0	161.0	161.0	0.0
Total, Dual Use Program	1,321.0	1,408.5	1,474.9	1,496.6	88.1
Personnel assistance programs:					
Separation benefits:					
Temporary early retirement	352.9	391.2	391.2	391.2	0.0
Guard and Reserve Transition Initiatives	52.8	139.5	139.5	139.5	0.0
Subtotal, personnel assistance programs	405.7	530.7	530.7	530.7	0.0
Community Adjustment and Assist Program:					
Programs that assist communities in general:					
Junior ROTC expansion	42.7	59.8	59.8	59.8	0.0
Subtotal, community adjust/assist program	42.7	59.8	59.8	59.8	0.0
Total, conversion related activities	448.4	590.5	590.5	590.5	0.0
Grand total, defense conversion and related activities	2,736.9	3,336.7	3,435.2	3,489.0	152.3

HAC, p. 282-4

FY 1995 CONGRESSIONAL TRACK
H. Rept. 103-562

TITLE VII
NATIONAL FOREIGN INTELLIGENCE PROGRAM
INTRODUCTION

The National Foreign Intelligence Program consists of those intelligence activities of the Government which provide the President, other officers of the Executive Branch, and the Congress with national foreign intelligence on broad strategic concerns bearing on U.S. national security. These concerns are stated by the National Security Council in the form of long-range and short-range requirements for the principal users of intelligence, and include political trends, military balance trends, economic trends, treaty monitoring and support to military theater commanders.

The National Foreign Intelligence Program budget funded in the Department of Defense Appropriations Act consists primarily of resources of the Central Intelligence Agency; the Defense Intelligence Agency; the National Reconnaissance Office; the National Security Agency; the intelligences services of the Departments of the Army, Navy and the Air Force; the Community Management Staff; and the CIA Retirement and Disability System Fund.

CLASSIFIED REPORT AND ANNEX

Because of the highly sensitive nature of intelligence programs, the results of the Committee's budget review are published in a separate, detailed and comprehensive classified Annex and report. The intelligence community, Department of Defense and other organizations are expected to comply fully with the recommendations and directives in the classified Annex and report accompanying the fiscal year 1995 DOD Appropriations Act.

HAC, p. 286

TITLE VIII
GENERAL PROVISIONS

The accompanying bill includes 120 general provisions. Most of these provisions were included in the Department of Defense Appropriations Act for fiscal year 1994 and many have been included in the Defense Appropriations Act for a number of years.

Actions taken by the Committee to amend last year's provisions or new provisions recommended by the Committee are discussed below or in the applicable section of the report.

DEFINITION OF PROGRAM, PROJECT, AND ACTIVITY

For purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100-119) and by the Budget Enforcement Act of 1990 (Public Law 101-508), the following information provides the definition of the term "program, project, and activity" for appropriations contained in the Department of Defense Appropriations Act. The term "program, project, and activity" shall include the most specific level of budget items, identified in the Department of Defense Appropriations Act, 1995, the accompanying House and Senate Committee reports, the conference report and accompanying joint explanatory statement of the managers of the Committee on Conference, the related classified annexes, and the P-1 and R-1 budget justification documents as subsequently modified by Congressional action.

In carrying out any Presidential sequestration, the Department of Defense and agencies shall conform to the definition for "program, project, and activity" set forth above with the following exception:

For the Military Personnel and the Operations and Maintenance accounts the term "program project, and activity" is defined as the appropriations accounts contained in the Department of Defense Appropriations Act.

The Department and agencies should carry forth the Presidential sequestration order in a manner that would not adversely affect or alter Congressional policies and priorities established for the Department of Defense and the related agencies and no program, project, and activity should be eliminated or be reduced to a level of funding which would adversely affect the Department's ability to effectively continue any program, project and activity.

HAC, p. 289